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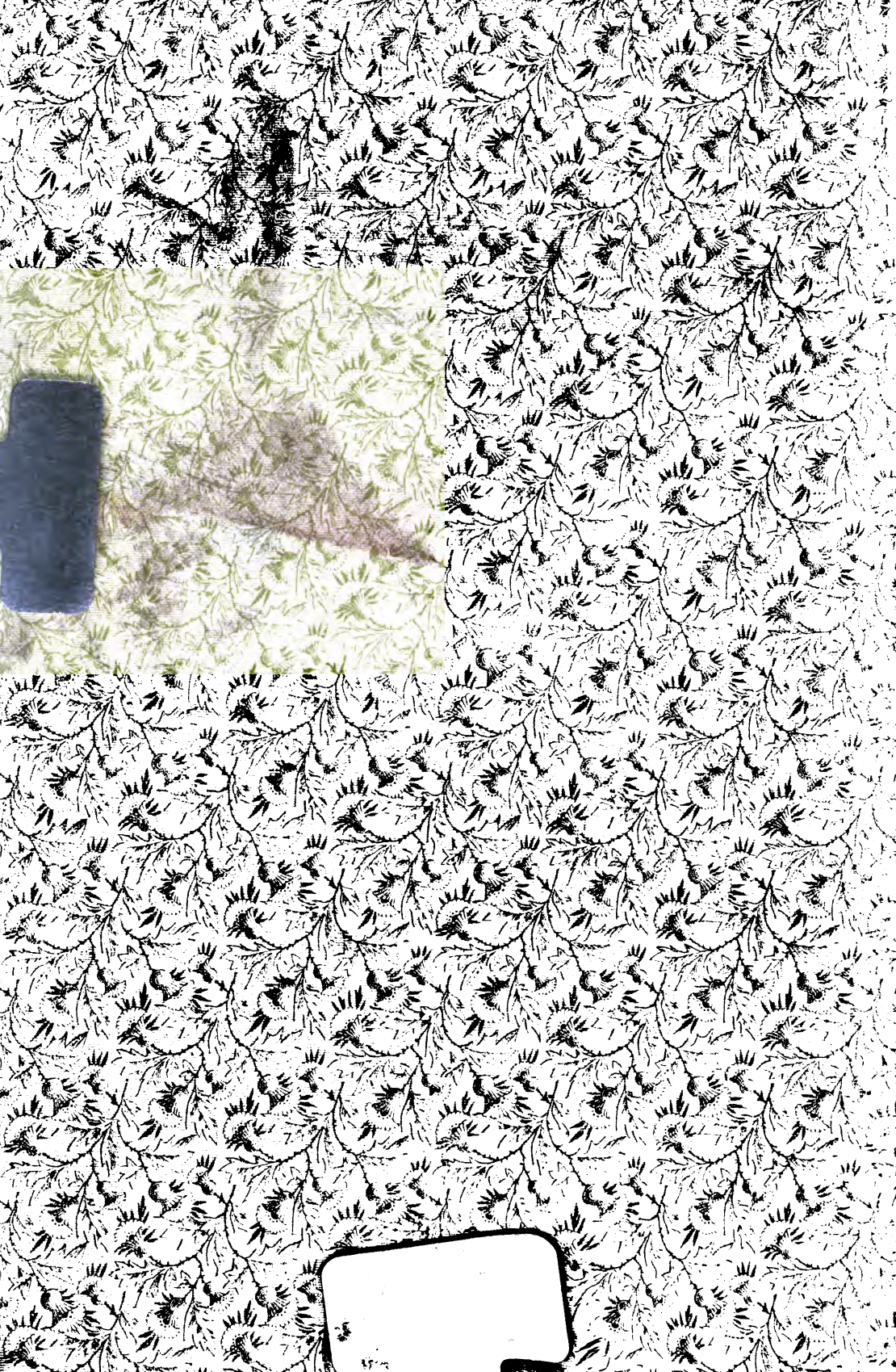
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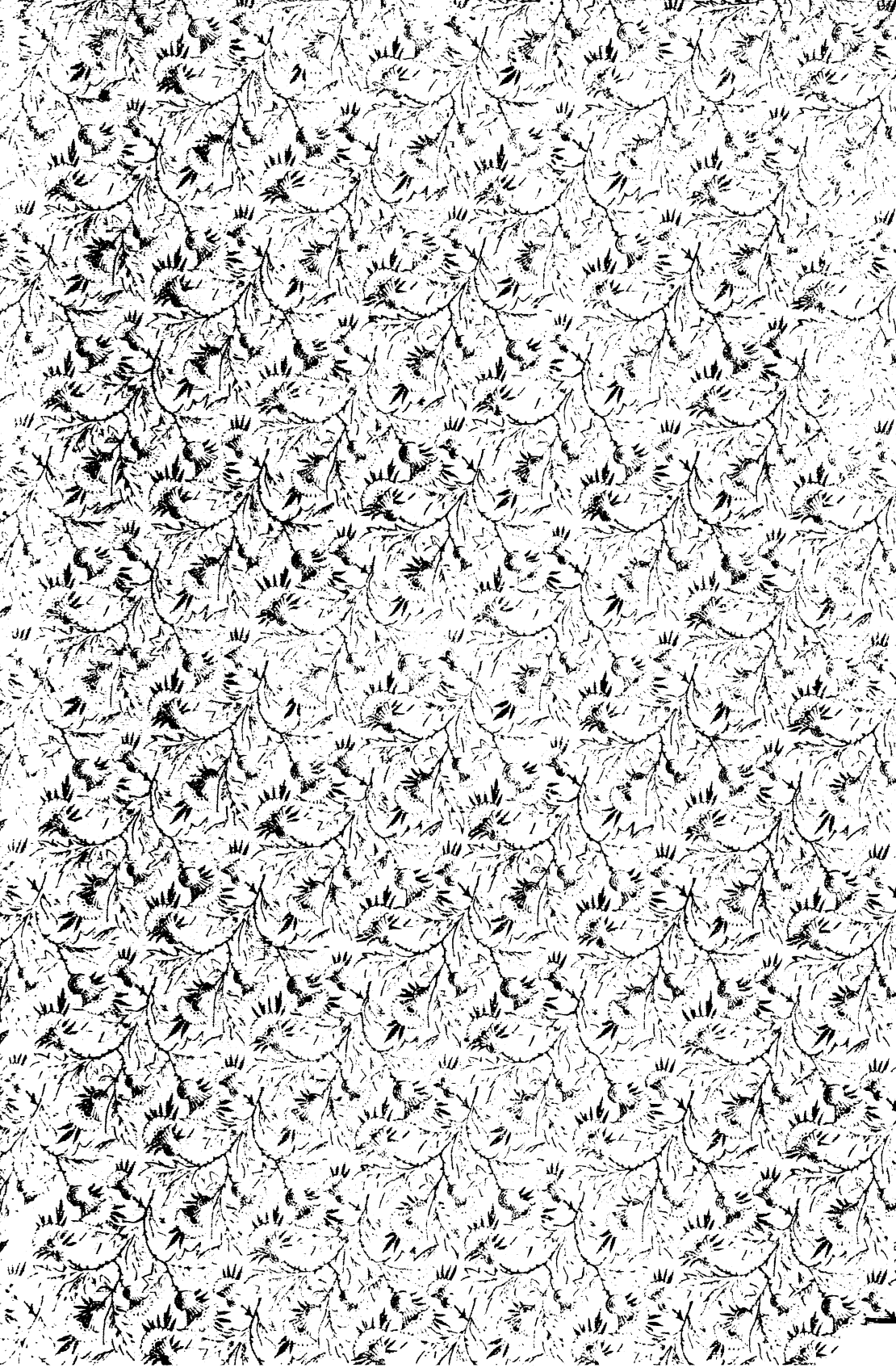
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\*DR. ISIDOR SINGER,

31 DEC. 1987

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PROCEEDINGS  
OF THE  
SIXTEENTH REGULAR MEETING  
OF THE  
FIRE UNDERWRITERS'  
ASSOCIATION OF THE NORTHWEST.

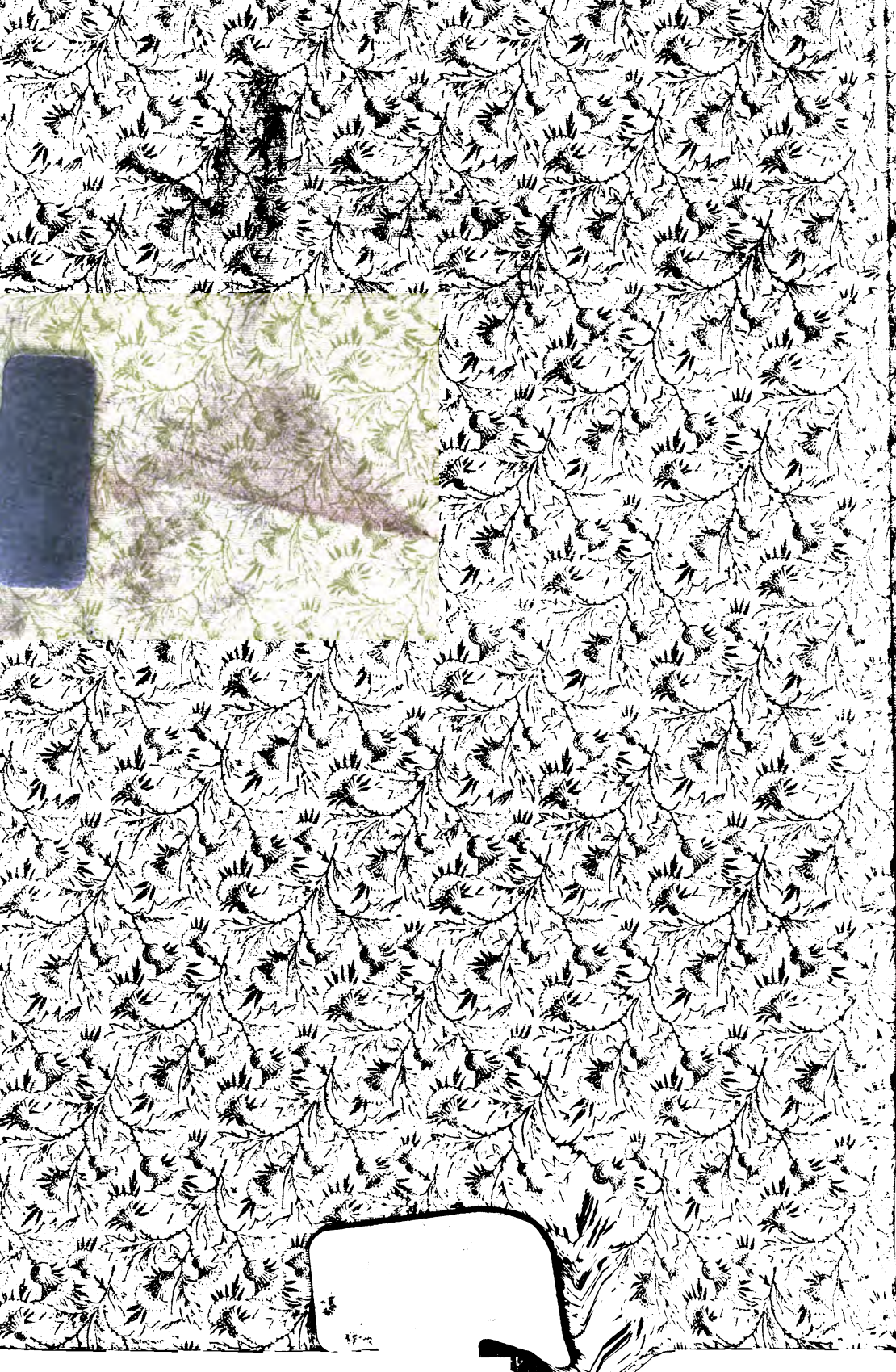


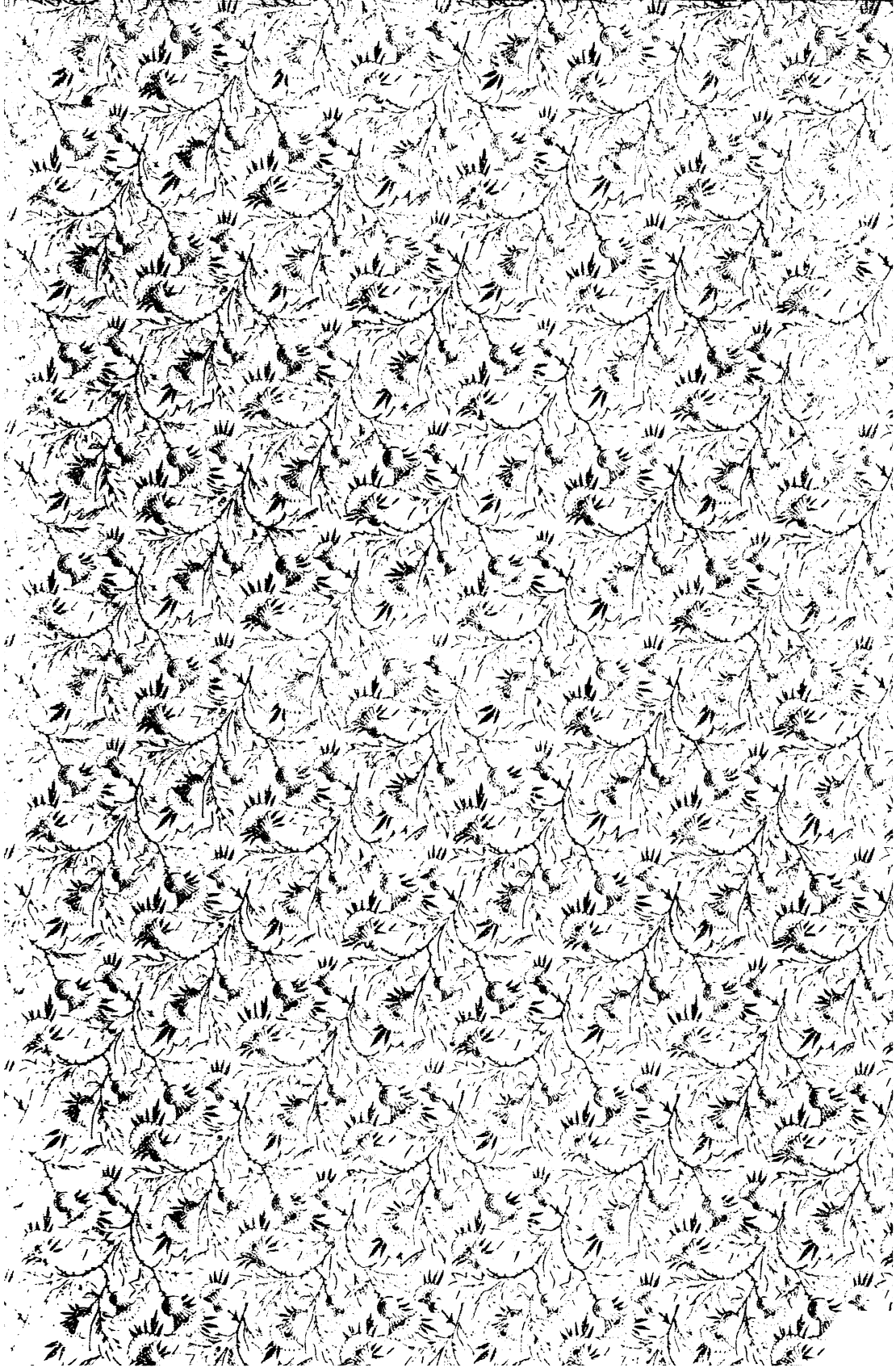
CHICAGO, ILL., SEPTEMBER 23 AND 24, 1885.

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PRINTED BY ORDER OF THE ASSOCIATION.  
1885.









\*DR. ISIDOR SINGER,

31 DEC. 087

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## PROGRAMME.

CHICAGO, September 23-24, 1885.

Meeting of Executive Committee at 8 P. M., September 22, at the Grand Pacific Hotel,  
and September 23 at 9 A. M. at the Committee Room, Methodist Church  
Block, S. E. Cor. Clark and Washington Streets.

### OPENING SESSION AT 10 A. M., SEPT. 23.

Calling the Roll.

Reception of Visitors and Representatives of other Associations.

Report of Executive Committee.

Report of Secretary and Treasurer—J. C. Griffiths, State Agent Home Insurance Company.

Report of Librarian.

President's Address.

Appointment of Committees.

Unfinished Business.

### INTERMISSION.

ANNUAL ADDRESS—J. Montgomery Hare, Manager Norwich Union Fire Insurance Society.  
"A Diagnosis and a New Treatment."

PAPER—H. P. Hubbell, State Agent Springfield F. & M. Insurance Company, "Loss Cycles  
in Insurance."

PAPER—J. C. Griffiths, State Agent Home Insurance Company, N. Y., "Our Responsibility."

PAPER—Fred. E. Burt, President Michigan State Board of Fire Underwriters, "The Com-  
pact System in Michigan."

DISCUSSION—"How Can the Incendiary Loss be Lessened?"

### INTERMISSION.

### EVENING SESSION.

LECTURE—C. J. Hexamer, C. E., Surveyor and Expert of the Philadelphia Fire Under-  
writers' Tariff Association.

"Finely Divided Organic Substances and their Fire Hazards."

### SECOND DAY—MORNING SESSION, SEPT. 24.

Reports of State Boards.

PAPER—J. G. Finnie, - - - - "The Best System of Inspection."

PAPER—Major J. L. McCluer, "The Compact System: Its Value to the Public and Insur-  
ance Companies."

PAPER—Jacob Peetrey, State Agent Fire Association, Philadelphia, "Petroleum and Its  
Products."

PAPER—Abram Williams, Manager Connecticut Fire Insurance Company, "The Relation  
of the Public to Fire Insurance."

DISCUSSION—"How Can the Legitimate Loss on Legitimate Risks be Decreased?"

### INTERMISSION.

PAPER—J. B. Bennett, Compact Commissioner State of Indiana, "The Best System of  
Rating."

PAPER—C. C. Hine, Editor Insurance Monitor, N. Y., "An Inquiry into the Existence and  
the Nature of the Power of the Tail to Waggle the Dog."

ADDRESS—Hon. Peter Notman, President Niagara Fire Insurance Company, N. Y., "Com-  
pensation to Agents by Contingent Commissions on Profits."

DISCUSSION—"Is it Advisable for the Companies to Combine and Employ State Agents  
who shall make the Rates and attend to Board Matters?"

DISCUSSION—"What Suggestions have Field Men to offer toward Salvage in Expenses?"

Election of Officers.

Unfinished Business.

### ADJOURNMENT.

# PROCEEDINGS

OF THE

*Sixteenth Annual Meeting of the Fire Underwriters' Association of  
the Northwest, held in the Hall of the Methodist Church  
Block, Chicago, September 23 and 24, 1885.*

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## FIRST DAY.

CHICAGO, ILL., Sept. 23, 1885.

The Association was called to order at 10:30 A. M. by the President, J. L. Whitlock, Esq.

The roll of membership was called by the Secretary, and the following members were found to be present:

Geo. W. Adams, E. L. Allen, H. C. Alverson, Fred. W. Arnold, W. T. Barton, Chas. H. Barry, J. F. Bates, J. B. Bennett, J. P. Black, Chas. E. Bliven, R. M. Buckman, M. J. Burns, D. W. Burrows, C. E. Carroll, R. B. Carson, Jas. H. Caswell, E. F. Chapman, H. Clarkson, E. M. Condit, H. F. Cornell, W. B. Cornell, W. A. Cormany, Ralph Crable, R. S. Critchell, W. D. Crooke, T. R. Daniel, J. T. Dargan, Jas. M. De Camp, Holger de Roode, D. T. Devin, Jacob C. Dietz, Jasper M. Dresser, H. C. Eddy, W. B. Ferguson, J. G. Finnie, Theo. D. Foljambe, F. L. Force, W. F. Fox, W. R. Freeman, Chas. L. French, Edward Gardner, R. H. Garrigue, H. H. Glidden, D. P. Gray, J. C. Griffiths, C. C. Griswold, J. B. Hall, Geo. W. Hall, John C. Hall, W. F. Hauxhurst, Geo. W. Hayes, Herbert C. Hill, Edwin Hill-  
yer, H. H. Hobbs, Isaac W. Holman, E. A. Hough, John Howley, Wm. L. Jones, O. C. Kemp, R. H. Kerr, C. W. Kibbee, Milo E. Lawrence, J. O. Lee, T. W. Letton, Edwin C. Lewis, F. W. Little, W. J. Littlejohn, W. R. Lyman, A. H. Main, T. L. Maitland, L. S. McMillan, Nicholas C. Miller, P. A. Montgomery, I. S. Montgomery, E. V. Munn, E. A. Munson, J. M. Newberger, H. A. Nolte, Rogers Porter, C. W. Potter, M. H. N. Raymond, A. P. Redfield, Geo. E. Redfield, Wm. Reed, C. Richardson, J. W. Robertson, Geo. S. Roper, W. F. Ross, H. M. Russell, Simon Schupp, W. H. Seiders, Chas. E. Shade, E. A. Simonds, T. H. Smith, A. W. Spalding, H. C. Stuart, H. S. Tiffany, A. F. Townsend, Wm. Trembor, Thos. B. Tuttle, Thos. Underwood, H. S. Vail, D. F. Vail, G. A. Van Allen, D. S. Wagner, S. E. Waggoner, H. B. Washington, J. L. Whitlock, A. Williams, J. O. Wil-  
son, C. E. Worthington.

### Insurance journalists present were:

C. C. Hine, of the *Insurance Monitor*, New York; Capt. H. L. Aldrich, of the *Western Insurance Review*, St. Louis; Franklin Webster, of the *Chronicle*, New York; Walpole Wood, of the *Weekly Underwriter*, New York; C. N. Bishop, of the *Spectator*, New York; C. E. Bowers, of the *Standard*, Boston; Mr. Hewitt, of the *Investigator*, Chicago; B. P. Palmer, of the *Rough Notes*, Indianapolis, and representatives of the *Argus*.

### The President—

I am not advised that we have any delegates with us from sister Associations; but I note, with much pleasure, that we have some visitors from other Associations, also members of the insurance press, and local agents with us. To you, gentlemen, on behalf of the Northwestern Association of Fire Underwriters, I extend a most cordial welcome. We esteem your presence among us as no slight honor. You are of our household. Our desire is that you shall feel perfectly at home with us, and free to participate in all discussions that shall come before the meeting.

### REPORT OF THE EXECUTIVE COMMITTEE.

The Secretary then read the report of the Executive Committee as follows:

Meeting of the Executive Committee of the Fire Underwriters' Association of the Northwest, at the Grand Pacific Hotel, Chicago, September 22, 1885, at 8 p. m., President J. L. Whitlock in the chair.

The meeting was called to order by the President, and the following gentlemen were present: J. L. Whitlock, President; R. Porter, Thomas B. Tuttle, J. P. Black, T. H. Smith and J. C. Griffiths, Secretary and Treasurer.

The Secretary read the minutes of the called meeting of the Executive Committee, held at Chicago, July 10, 1885, and the same were approved.

Mr. J. C. Griffiths submitted his annual report as Secretary and Treasurer, showing

RECEIPTS.					
Amount received from Ex-Secretary Hayes,	-	-	-	-	\$13 86
" " for 1883, dues,	-	-	-	-	30 00
" " " 1884. "	-	-	-	-	1,195 00
" " " Initiation fees,	-	-	-	-	27 00
" " from sale of 1884 Proceedings,	-	-	-	-	10 25
Total receipts,	-	-	-	-	\$1,276 11
DISBURSEMENTS.					
Amount paid out as per vouchers,	-	-	-	-	\$1,209 63
Balance on hand,	-	-	-	-	66 48
					\$1,276 11

On motion of Mr. J. P. Black the report was received.

On motion of Mr. Porter, Messrs. J. P. Black and T. H. Smith were appointed an auditing committee on the Secretary and Treasurer's report.

The Secretary presented the following names for membership:

Andrus, S. D.,	{ 150 La Salle St., Chicago, Ill.	Special Agent,	Sun Fire Office, London.
Armstrong, F. W.,	Indianapolis, Ind.,	State Agent,	Germania, N. Y.
Baird, C. T.,	Louisville, Ky.,	Secretary,	Union Ins. Co.
Cowles, C. S.,	Des Moines, Ia.,	Special Agent,	Royal and London & L'shire.
Clark, N.,	Bay City, Mich.,	Special Agent,	American, Phila.
Crandall, W. H.,	Owatonna, Minn.,	Special Agent,	Merchants', N. J.
Grover, Chas. N.,	Philadelphia, Pa.,	Special Agent,	Union, Phila.
Gray, H. P.,	St. Louis, Mo.,	State Ag't & Adj'r,	N. Y. Underwriters' Agency.
Hitchcock, E. M.,	Northfield, Minn.,	Special Agent,	American Fire, Phila.
Hubbell, H. P.,	Winona, Minn.,	State Agent,	Springfield F. & M.
Hilton, J. H.,	Chicago, Ill.,	Special Agent,	Home Mutual, Cal.
Lamey, H. T.,	Nevada, Mo.,	Sp'l Ag't & Adj'r,	British America Assurance Co.
Low, Clarence F.,	New Orleans, La.,	Dep. Ass't Sec'y,	L. & L. & G. Ins. Co.
Lovejoy, Geo. M.,	St. Paul, Minn.,	Special Agent,	German-American, N. Y.
McCluer, James L.,	Kansas City, Mo.,	General Manager,	Compacts and Local Boards.
Moore, Geo. H.,	Detroit, Mich.,	State Agent,	L. & L. & G. Ins. Co.
Miller, A. F.,	Belleville, Ill.,	Special Agent,	American, Phila.
Norbeck, C. E.,	La Crosse, Wis.,	Special Agent,	Phoenix, London.
Newman, Geo. C.,	Des Moines, Ia.,	State Agent,	L. & L. & G. Ins. Co.
Rowley, J. B.,	Omaha, Neb.,	Manager,	Omaha Compact.
Reynolds, Geo. W.,	Louisville, Ky.,	Special Agent,	Louisville Underwriters'.
Sears, M. L.,	Chicago, Ill.,	Special Agent,	Phoenix, London.
Spalding, Jas. A.,	Chicago, Ill.,	Special Agent,	Home Mutual, Cal.
Thomas, Frank S.,	Topeka, Kan.,	Special Agent,	Home Mutual, Cal.
Taylor, C. H.,	{ 206 La Salle St., Chicago, Ill.	Sp'l Ag't & Adj'r,	American, N. J.
Williams, Geo. G.,	Milwaukee, Wis.,	Special Agent,	{ Commercial Union Assurance Co., London.
Wood, H. N.,	Des Moines, Ia.,	Special Agent,	N. B. & M. Ins. Co.
Whittemore, C. L.,	St. Paul, Minn.,	Special Agent,	{ Connecticut Fire Ins. Co., Hartford.
Wright, Wm. M.,	Monroe, Wis.,	Special Agent,	American, Phila.

On motion of Mr. Black the names were recommended to the meeting for membership.

The committee on auditing report of the Secretary and Treasurer at this point reported that they had examined the same in detail and found it correct.

On motion of Mr. Tuttle the report was received and adopted.

The President submitted receipted bills for the following expenditures:

For rent of hall for 1885 meeting,	-	-	-	-	-	\$50 00
For postage,	-	-	-	-	-	4 50
For printing programmes,	-	-	-	-	-	12 75
For calcium light for Mr. Hexamer,	-	-	-	-	-	12 00
Total,	-	-	-	-	-	\$79 25

On motion the bills were approved.

The President suggested action on the matter of tendering to Messrs. Hexamer, Hine and Hare their expenses.

On motion of Mr. Porter the matter was left in the hands of the President, with power to act.

On motion the Committee adjourned.



Mr. T. H. Smith—

I move that the report be received and adopted, and that the persons whose names are recommended for membership by the Committee be elected members of the Association.

The motion was carried.

#### REPORT OF THE SECRETARY AND TREASURER.

Mr. J. C. Griffiths (Secretary and Treasurer)—

Having read to you, in the report of the Executive Committee, the financial standing of the Association, nothing remains now for me to do but to give you some little data in detail which, probably, is not embodied in that report.

Our membership, at the commencement of the 1884 meeting, consisted of 281 active members and three honorary members, making a total of 284. We admitted, at the September, 1884, meeting, 27 members, making a total of 311. Members resigning during 1885, and to date of this meeting, 31; one died, making a total of 32. Leaving a membership at date of this meeting of 279.

There are 39 members who are delinquent in their 1884 dues, which amount to \$195.

We printed 500 copies of the 1884 Proceedings, and they were distributed as follows:

To members,	-	-	-	-	-	-	-	-	-	239
To honorary members,	-	-	-	-	-	-	-	-	-	3
Sold,	-	-	-	-	-	-	-	-	-	6
To insurance press and others,	-	-	-	-	-	-	-	-	-	44
On hand,	-	-	-	-	-	-	-	-	-	208
										<hr/> 500

Mr. A. W. Spalding—

I move that the report be received and adopted.

The motion was carried.

#### REPORT OF THE LIBRARIAN.

Mr. R. M. Buckman, as Librarian, submitted his annual report as follows:

CHICAGO, ILL., Sept. 23, 1885.

TO THE PRESIDENT AND MEMBERS OF THE FIRE UNDERWRITERS' ASSOCIATION OF THE NORTHWEST.

*Gentlemen:* The transactions of the Librarian for the year just past have not been numerous, and the duties are not laborious.

## LAW BOOKS.

We had, at last report, of law volumes,	-	-	-	-	-	Vols.
						43
To which have been added during the year, <i>Law Journal</i> , Vols. No. 2						
and No. 4 (so long out of print), and the new Vols. No. 13 and No.						
14, together with this year's volume, makes	-	-	-	-	-	5
We have also been the favored recipient of the first 5 volumes of Cor-						
nellus Walford's <i>Insurance Cyclopædia</i> (with the regards and						
compliments of the author), A to H,	-	-	-	-	-	5
Total additions to law and historical department,	-	-	-	-	-	10
Total at this time in law and historical department,	-	-	-	-	-	53

## STATE INSURANCE REPORTS.

Number of volumes on hand last report,	-	-	-	-	-	62
Whose long columns of monotonous figures have been augmented by						
the addition of the present year's editions, to the number of	-	-	-	-	-	15
Making total number on hand at this time,	-	-	-	-	-	77
Total number of volumes of all kinds,	-	-	-	-	-	130

During the year just past the literature of our profession has received no especial marked addition outside of the regular current publications, most all of whose liberal publishers still favor this Association with their valuable journals. The library is still in regular receipt of the following periodicals gratuitously, listed in order of ages, to-wit:

<i>American Exchange and Review</i> ,	-	-	-	-	Philadelphia.
<i>The Spectator</i> ,	-	-	-	-	New York.
<i>Baltimore Underwriter</i> ,	-	-	-	-	Baltimore, Md.
<i>Coast Review</i> ,	-	-	-	-	San Francisco.
<i>Western Insurance Review</i> ,	-	-	-	-	St. Louis.
<i>The Underwriter</i> ,	-	-	-	-	Philadelphia.
<i>The Review</i> ,	-	-	-	-	New York.
<i>The Argus</i> ,	-	-	-	-	Chicago.
<i>The Investigator</i> ,	-	-	-	-	Chicago.
<i>The Insurance Critic</i> ,	-	-	-	-	New York and Chicago.
<i>The Insurance Age</i> ,	-	-	-	-	New York.
<i>Insurance World</i> ,	-	-	-	-	Pittsburgh.
<i>Rough Notes</i> ,	-	-	-	-	Indianapolis.
<i>Insurance News</i> ,	-	-	-	-	Philadelphia.
<i>Insurance Society</i> ,	-	-	-	-	Montreal, Can.
<i>The Budget</i> ,	-	-	-	-	Toronto, Can.
<i>The Indicator</i> ,	-	-	-	-	Detroit.

Seventeen journals in all are regular welcome visitors to our shelves.

The Association library is also under obligations to Mr. I. S. Blackwelder for numerous old and valuable reports of old National Board days, histories of different cities and towns; while Mr. T. H. Smith is always turning up some odd old piece of bric-à-brac insurance literature, like an "*Ætna Book of Instructions*" of 1856; photographs of fraudulent inventories, etc., etc.

The library has been used more this last year than ever before. Our pretty full list of insurance law books has been frequently consulted by members who are not fortunate or wealthy enough to *own* one of their own. Come often, brethren, you are welcome.

In closing, I would recommend a vote of thanks to Messrs. C. C. Hine and Cornelius Walford, for their very liberal donation of valuable law books and literature to our library.

At the close of last meeting the matter of trying to get a separate room in connection with the Local Board for Association purposes was spoken of, and finally referred to the Library Committee; but your Committee has been unable, from lack of funds, to see their way clear to making any arrangements of that nature at present. We still think it a very desirable thing to do, but owing to the expense attending hiring separate rooms, and their maintenance, do not see how it can be accomplished at present.

Our expenses have been very slight, the financial account being as follows:

Balance on hand last report,	-	-	-	-	-	-	\$95 00
PAID OUT.							
Nov. 10, 1884. Express on diagrams,	-	-	-	-	-	-	\$1 50
Jan. 12, 1885. Sammons, Clark & Co., pictures,	-	-	-	-	-	-	13 00
Sept. 21, 1885. C. C. Hine, books,	-	-	-	-	-	-	31 00
							<u>\$45 50</u>
Balance on hand,	-	-	-	-	-	-	\$49 50

H. C. Tiffany kindly contributed a nice lot of letter-heads for the use of the library.

All of which is respectfully submitted.

R. M. BUCKMAN,  
*Librarian.*

Approved by Library Committee.

Mr. Geo. W. Hayes—

I move that the report be received and printed with the Proceedings.

The motion was carried.

Mr. H. H. Hobbs—

I would make a recommendation that a resolution of thanks of this Association, as recommended by the Librarian, be extended to Messrs. Hine and Walford.

Mr. T. H. Smith—

I would move to amend the motion by saying that the Librarian of this Association be directed to extend the thanks of the Association to Messrs. Walford and Hine.

The President—

Make that a separate motion, and it will come in in its proper order.

Mr. A. W. Spalding—

Before that motion is put, I should like to have go upon the records of this Association, in this vote of thanks to Mr. Hine and Mr. Walford, the fact that we realize that they are the oldest and the staunchest friends that the Association has ever had. You will recollect that Mr. Walford came from London expressly to attend one of our meetings. At this moment he is lying in a very debilitated state of health, where his life is not expected to be spared. It would seem very appropriate for us, at this juncture of affairs, to have the Secretary expedite the forwarding of the expressions of this Association to both gentlemen.

The President—

The suggestions of the Judge and Mr. Smith are about the same thing. Does that meet your views, Mr. Smith?

Mr. Smith: Yes, sir.

The motion was carried.

#### RECEPTION OF SOUTHERN DELEGATES.

Mr. J. M. De Camp—

It has been some two years since this Association has had the pleasure of welcoming delegates from sister Associations. To my mind, the ceremonies incident to the reception of such delegates has formed one of the most pleasant episodes of our sessions.

We have with us this morning a delegation from the Southern Association—its President, Mr. W. R. Lyman, and his co-delegate, Mr. Clarence F. Low, both from New Orleans, coming here directly to be present at this meeting. In doing so, they pay us a great compliment, gentlemen. I am sure that I voice your sentiments when I say that you are not willing that they should quietly slip into their seats and not be formally recognized by this Association, and that you wish especially to honor them and emphasize their presence. I, therefore, move you, sir, that Messrs. Hayes and Holman be a committee to escort these gentlemen to the platform, and that they be formally received by the President and given seats upon the platform.

The President—

I am glad to be advised of the presence of these gentlemen as delegates from the South.

The motion was carried.

The President—

The committee, consisting of Messrs. Hayes and Holman, will please wait upon the gentlemen.

The committee met Messrs. Lyman and Low at their seats and escorted them to the platform, where they were greeted with applause.

The President (addressing Messrs. Lyman and Low)—

As has already been stated by Mr. DeCamp, we deem it a very great honor, gentlemen, to have you with us. We sought to have the President of your Association here to deliver an address, but failed to secure him in the manner we had hoped. But we are glad that we have him here now, and will be delighted to hear from him at this time.

Mr. W. R. Lyman—

MR. PRESIDENT AND GENTLEMEN: It is usually said that second thought is best, but I am rather inclined to think, from looking at your programme, and from the experience which I myself have had, that your President was right in letting us slip quietly into our places as members of your body, and not occupy the time which you must have to go through with the elaborate programme which you have mapped out.

It is my great pleasure, however, to stand as the representative of the Southern Underwriters to-day, and to extend to you our most cordial greeting, and our assurances of continued interest in and for your work. With yourself, sir, and with your fellow-members working in the West and North, we have had, in our profession, to practice very much of the *suaviter in modo*, but it strikes me that we have, in the South, had to bring to bear an unusual amount of the *fortiter in re* during the past eighteen months.

Our field has been an unfortunate one; and certainly we do not come up to you with any roseate picture of great profits or of fine practices, and we can only say to you to-day that the skies seem brighter for us, the clouds seem lifting, and we hope that, at last, we have turned a corner, and that things are going to brighten.

I feel like congratulating you, sir, and the members of the profession generally, upon the fact that insurance companies seem to have awakened at last to the fact that they have some rights which the general public are bound to respect, and in the action in New Hampshire recently, I think, sir, I discover a better sign for the future. It is a bow in the cloud, and I believe, sir, that we can indulge much more hope for the general good, from the fact that the companies at last have joined hands in one supreme effort to resist encroachment upon their rights.

I wish to thank you, sir, for your kind words, and I shall take up no more of your valuable time.

The President—

We have with us Mr. Low, also a member of the Southern Association, and Deputy Assistant Secretary of the Liverpool and London and Globe Ins. Co. I am sure you will be glad to hear from him.

Mr. Low—

GENTLEMEN: I would be glad, indeed, to address you in any way that I thought would be acceptable, but I am inexperienced in speaking, my lines having fallen in other fields. However, I am very glad to avail myself of the opportunity to express to you the great pleasure I have in being with you, for it has been a pleasure long deferred. From year to year I have cast my eyes in this direction as you have had your meetings, regarding this somewhat in the light of the insurance Mecca. Much have I drawn from you, as every underwriter has done, of encouragement and of instruction, and I have always desired to know personally those who have done so much to put our profession on a more elevated plane

With very great thanks for your courtesy, I will take my seat.

#### THE PRESIDENT'S ADDRESS.

The President called Mr. T. H. Smith, the Vice-President, to the chair, and then read his Address as follows:

GENTLEMEN OF THE FIRE UNDERWRITERS' ASSOCIATION OF THE NORTHWEST:

Recognizing the importance you each attach to these annual gatherings, and the benefits you derive from them by the interchange of kindly greetings and the discussion of important subjects relating to our profession, I wish to assure you at once that I shall take no advantage of the position I have the honor to occupy as an officer of your Association, by trespassing upon the time and patience of yourselves and the honored guests who are to address you, with any extended remarks.

In considering for a few moments the "situation" of fire underwriting, doubtless it will be more profitable to us to consider what we can do for its improvement than to review the past. The record is familiar to you all. The smoke from the ruins of more than one hundred million dollars' worth of property annihilated by fire since we last met, has scarcely passed from your sight. Here and there along the line appear to your view the wrecks of insurance companies that have fallen during the past year, to the number of half a dozen or more. Doubtless many of them would have been represented on this floor to-day had they not sought to climb the royal road to success in some other than the orthodox way. To review scenes of desolation and ruin, while profitable to us, is not pleasant. "What is written, is written," and many of us would have been happier on this, the occasion of the sixteenth annual meeting of our Association, had we written less in many cases; happier, if we had obeyed the dictates of our better judgment and conformed to better practices and rates, whether we received the unanimous coöperation of our associates or not. If, however, the past has afforded us any hints which will enable us to avoid the pitfalls that have ensnared the less fortunate of our competitors, and prepared us

to grapple more ably in future with the great problems which constantly present themselves in connection with fire underwriting, we shall probably agree with that facetious writer who has said, "Experience keeps a good school." We might add, however, that the tuition is rather dear.

One of the most difficult of these problems is this: "How can we arrest the enormous waste by fire, the annual increase of which is out of all proportion to the increase of values?" This is to be solved in the face of State legislation which encourages incendiarism, and in spite of the failure of State and municipal authorities to enact and enforce stringent laws governing the construction of buildings. We fail to find any other solution of this all-important question than this: to interest and enlighten the people in matters pertaining to fires and fire insurance.

None are so well qualified for this task as the underwriters themselves; none have so good means of communication at their command. The quiet and sanctity of the private office and the dignity and deliberation of their conventions are very favorable to the formulation of theories, but I fail to find record of any organized or yet proposed plan for the dissemination of the knowledge they have acquired by years of observation and study.

It has been affirmed that the Local Agent is responsible for more of the increasing fire waste than any other element. This, we believe, does him gross injustice. Let us place the responsibility just where it belongs, viz., with the companies themselves. Professionally viewed, the Local Agent is just what the companies have made him. The principal lesson they have sought to enforce upon his attention has been the necessity of getting business, and well has he learned it; and, reasoning from conclusion to premises, we might almost be pardoned for inferring that the instructions of *some* companies read after the fashion of the advice of the worthy Quaker to his son who was about to leave the parental roof to seek his fortune in a distant city, which advice ran thus: "My son, get money; honestly if thee can, but—get money," or, in their own vernacular, thus: "Send us business. We are not extremely particular about matters of such minor importance as rates, commissions, forms of policy, cancellation of policies *pro rata* when short rates should prevail, insuring vacant dwellings, including policy fee with the premium, approving small barn risks whether good dwellings accompany or not, giving permit for unlimited insurance, approving one hundred dollar dwelling risks for five years for a premium of one dollar and a half, permitting five dollar charge for postage when the actual expenditure has not exceeded twenty-five cents, permitting charge in monthly account for special service when no such service has been rendered, etc., etc. Encouraged by a license broad as this, and by the reflection that his responsibility ceases when the policy is written and the commission in his pocket, a Local Agent must be more than human who does not accept some business which cannot receive the sanction of his better judgment, or who will not accept from over-anxious and not over-

conscientious policy-seekers, some risks that will not bear a more critical survey than that which is made from the office chair.

The agent probably observes that each succeeding semi-annual statement of such a corporation shows its net surplus becoming beautifully less, but the depreciation in government bonds, stocks and other securities explains this fact to his satisfaction, nor does the true inwardness of the situation dawn upon him until the news comes to him over the wires that his free-and-go-easy company has passed into the hands of a receiver or re-insured in some company represented by a rival agent.

With Local Agents, as with officers of companies, there is occasionally one to be found who will spend more time in looking for technicalities which will give him some shadow of an excuse for deviating from the rules and regulations governing the Association to which he may have pledged himself to be loyal, than he will to find a reason for their closer observance. But, as a class, the Local Agents are quite as true in the discharge of their obligations to each other, and do as much for the promotion of that mutual confidence which is the keystone of all associations, as do those occupying positions higher in the profession. Taking into consideration the obstacles with which he is obliged to contend, and the fact that his interests are apparently antagonistic to those of the companies which he represents, it is a matter of surprise that he has rendered them as efficient service as they are pleased to credit him with.

While, as a rule, the companies have always held in high esteem, and shown great consideration to the faithful Local Agent, it remains for them to give some more tangible proof of their appreciation, and at the same time pave the way for the serving of their own best interest, by making his interests identical with their own. Give him a liberal contingent commission in the net earnings of his agency, after deducting losses and necessary expenses, also a fair commission to defray running expenses, and you will have established one of the best fire preventives the world has ever known. Old and dilapidated buildings that have long outlived their usefulness, idle and unprofitable manufactories, and unsalable stocks of merchandise will no longer find a ready market by way of the underwriter. Every applicant for insurance, as well as the property upon which insurance is desired, will receive personal and thorough investigation by the agent to whom the application is made. He will be among the foremost in the community in which he resides to encourage wise and stringent building laws, and the adoption and maintenance of every practical appliance for the extinguishing of fire. He will be interested in enlightening the people in every way possible in regard to fires and fire insurance. Through his influence many of the insurance journals that now come to our offices weekly and monthly freighted with so much valuable information, will find their way to the counting-room of the merchant and manufacturer, and the home of the mechanic as well as the sanctum of the legislator. Proportionately to the



influence and popularity of the Local Agent will public opinion be changed until it will be possible to obtain legislation as favorable to the underwriter as to the policy-holder.

That many perplexities will arise in adjusting the details of the contingent commission plan of compensation to agents, cannot be denied, but that they cannot all be solved and the plan made in every way practical, I am not willing to concede. However, these and other important features of the subject I will leave to be considered in your hearing by a learned and much honored member of our profession who has given it much thought, and has kindly consented to address you especially upon the subject of "Contingent Commissions to Agents."

But, gentlemen, a co-partnership formed between the company and Local Agent, having for its object the furtherance of their common interests and the preservation of property, would scarcely be complete were the third party, the policy-holder, excluded from the union. When there shall be a complete unification of the interests of these three parties, fire underwriting in this country will have established itself on a foundation so broad and firm that it will stand undisturbed forever.

In this country all legislation that in any way relates to the subject of fire insurance is aimed at the insurance companies. No attention is given to making wholesome laws that would tend to decrease incendiarism and reduce the loss by fire, as well as the cost of insurance, to the minimum. What the legislators of France have done for her people in these matters must be done for the people of this country by the fire underwriters themselves, if such protection be secured to them at all.

By the civil code of France, any damage to others caused by the act of man, must be repaired by the person by whom the injury was caused. Every one is responsible for damage caused by his act, whether of negligence or imprudence. The houses in Paris are usually divided into apartments, and there are generally many residents or tenants in each building. The tenant is responsible for loss caused by fire, unless he proves that it happened by accident or superior force, or by fault of construction, or that the fire was communicated from an adjoining house. If there are several tenants, all are equally responsible for the fire, unless they can prove that the fire originated in the apartment of any one of them, in which case he alone shall be held liable. The presumption of law is, that the fire was caused by the tenant, and the burden or proof is on the tenant to show that it comes within the exceptions noted above.

The same rule of liability applies where the fire communicates from an adjoining house.

The companies insure against the loss of property of the insured, and against his liability to pay for the loss of neighboring property. They also insure the goods and furniture of the tenant, and insure him against the

liability to compensate other tenants, and against the liability to pay for the loss of the house.

The rate charged for this contingent liability varies from one-third to one-half of the rate of the regular insurance. Thus, the amount of the policies is very large, while the premiums or rates are proportionately small, but the amount of loss which the company is called upon to pay is generally a small portion of the amount insured.

We are indebted to a recent issue of the *Spectator* for the following figures: Percentage of loss to sums received in France for ten years ending December, 1884, was but  $1\frac{1}{2}$ , while the per cent. of loss to premiums received by the French fire insurance companies for the same period was but a fraction over 32. For the same period, according to figures furnished by the *Chronicle*, and other carefully prepared tables, the fire loss in the United States to sums insured was over  $4\frac{1}{2}$  %, and the percentage of loss to premiums received about 61.

That the fire waste and cost of insurance in this country could be reduced to the minimum, as in France, during the next decade, it is not reasonable to suppose. Our country has been of such rapid growth, and the attention of the people so little given to the construction of buildings as to their fire-resisting qualities, that many years must necessarily elapse before we can expect to have the physical condition of our buildings average anything like those of the older cities and villages of Europe. But if the insurance companies would embody in their policies of indemnity, provisions similar in their application to the law of France, that protects the interests of the people and her indemnity corporations alike, we believe it not unreasonable to conclude that in connection with the other fire preventive we have suggested, the fire waste of this country could be reduced within the next ten years in amount equal to one-fourth of what it has been for the past ten years, which would aggregate the sum of one hundred and ten millions of dollars, besides reducing the cost of insurance to the people in amount equal to 20 % of the sums paid for insurance during the past ten years, which would aggregate one hundred and thirty-two millions of dollars, making a total saving to the people in ten years of the enormous sum of two hundred and forty-two millions of dollars.

In adjusting our policies of insurance to meet the emergency of the hour, I would not suggest any radical action, but in language that could be readily interpreted by all, would provide that in event of loss under any policy of indemnity where the ascertained loss should equal or exceed 50 % of the sum insured and be less than 100 %, the insured should bear 10 % of the loss, and when the ascertained loss should equal 100 % of the sum insured, then the assured not to receive more than 85 % of the total insurance. The operation of such a rule would be to remove every incentive to over-insurance, and the advantage of full insurance would be secured, though the policy-holder could in no event collect from the com-

pany to exceed 85 % of the sum for which he is insured, due allowance having been made for such provision in the consideration paid to the company.

Upon giving the matter careful consideration, I think you will conclude with me that the application of such a rule would work no special hardship to any one. The manufacturer and the wholesale merchant would soon find some way of adjusting their system of credits to meet the requirements of the insurance companies.

To meet the laws that exist in some States for the encouragement of incendiarism, I would make it obligatory upon every applicant seeking insurance on buildings, to fill out a carefully prepared application, furnished him by the company, and not grant insurance to exceed 65 % of the value of the property as set forth by the assured in the application, and subscribed to by him. This would not be as heroic treatment of the matter as the underwriters have recently prescribed for the people of New Hampshire, but I think it would be the means of bringing about a repeal of the valued policy law that has been the means of depleting the wealth of a number of States, and brought hardship and distress to many worthy citizens. At no time in the history of fire insurance in this country has there been greater necessity for prompt and heroic action on the part of the insurance companies—action that will tend to decrease the great annual waste by fire in their own interest as well as that of the people, and I believe you will agree with me that there has never been a time when united action on the part of the underwriters, for wholesome reforms, could be more easily secured than now.

There are always some to be found who are not suited with the plans on which the majority unite, but there is greater union among the companies to-day than ever before. There was never more confidence manifested or more brotherly feeling existing among those who constitute the great right arm of the companies—the field men—than now. Never, in the history of underwriting, have we had so many intelligent and painstaking Local Agents as now, the majority of whom will be found ready to fall into line and help carry to victory any important reform that the companies may inaugurate. At no time have we had more or better equipped State Board Associations, nor has their influence for good been more thoroughly recognized and appreciated than now. Our State Boards, working in conjunction with the Compact Associations, that have jurisdiction in so many places in the territory covered by this Association, have accomplished a work great in its importance to the insurance companies and the people.

That the assets of the insurance companies have not been depleted to a greater extent than they have during the past two or three years, is due more to the valiant and thoughtful service rendered by our State Boards and Compact Associations, than to any other cause. Much credit is due to

those who have been specially charged with the organization of Compacts, for the wisdom they have shown in the selection of localities in which they have been put in operation, and for the number of efficient underwriters they have been able to bring to their aid as Managers of the several offices.

There are a few companies, I am aware, that think the expense of maintaining the Compact System too great for the benefits derived, but I believe if they will carefully analyze all the facts relating to it, they will be agreeably surprised at the result, and accord to it, in the future, their hearty support, at least until something better shall have been presented to take its place.

## OBITUARY.

Seldom do we meet in our present capacity an unbroken band. Seldom that one or more vacant chairs do not remind us that "in the midst of life we are in death."

Col. Thomas W. Johnston, State Agent for Illinois of the Sun Fire Office of England, departed this life Sept. 8, 1884. Born Nov. 30, 1838, at Marshall, Michigan, he resided in his native town continuously until Aug. 4, 1861, when he enlisted in the Second Michigan Cavalry, and was given the rank of second lieutenant. He was accounted one of Michigan's bravest sons, and went through every rank to that of colonel, being promoted each time for efficiency and bravery. He was mustered out of service Aug. 29, 1865, having passed through one hundred battles, and gained a record of which any soldier might be proud.

In 1872 he entered the employ of the Agricultural Insurance Company, of Watertown, N. Y., as Special Agent and Adjuster in the Northwest. He soon gained an enviable reputation in the profession for his knowledge of insurance law. His clear and judicial mind seemed able to grasp and unravel the knottiest problems, and his opinions were much sought after.

He had often faced death unflinchingly amid the roar of musketry and the whizzing of leaden hail, but Death, the Great Destroyer, who severs the tenderest domestic ties with a relentless hand, sought him in his quiet home, and the places which once knew him know him no more. Universally beloved where he had lived as boy and man, he was borne to the grave followed by hosts of mourning and sympathizing friends. Removed from earth in the prime of his manhood by an inscrutable providence, he has left to mourning friends consoling memories of a brave and noble life, and a Christian hope of re-union where Death has no dominion.

While the nation mourns a hero dead, death has found another shining mark. Another eminent member of our fraternity has joined "the innumerable caravan which moves to that mysterious realm where each must take his chamber in the silent halls of death." George T. Hope has gone down to the grave full of years and honors. He became identified at a very early age with the fire insurance business, being made secretary of the Jefferson Fire Insurance Company of New York when but nineteen

years of age. Had he lived, he would have passed his fiftieth year as an officer of insurance companies on the 4th of August last. He was the first secretary of the Continental Insurance Company of New York. Four years later he became its president, which position he occupied at the time of his death. During the thirty years of his identification with this company, he was a model of diligence to all in his employ. He was a man of marked originality and strong convictions, yet uniformly affable and approachable. He was a director of the Fidelity and Casualty Company of New York, and became widely known as the originator and promotor of the New York Safety Fund law, which provides for a reserve fund against unforeseen losses. Always an active member of the New York Board of Underwriters, he twice became its president, and served as chairman of the Executive Committee of the National Board of Fire Underwriters. He was also a member of the New York Chamber of Commerce. Ambitious for his company, he lived to see the full fruition of his hopes. His was a grand and busy life. Strong, earnest, manly, pure, he has gone to his reward. He was as active in religious as in secular matters, and died as he had lived, a devout and hopeful Christian. It had been his wish, often expressed, that he might die at the close of day and with the setting sun. His wish was gratified. The last rays of the setting sun lighted the room when came to him the dawning of an eternal and the closing of his earthly day. He fell asleep "like one who wraps the drapery of his couch about him, and lies down to pleasant dreams."

To the Sixteenth Annual Meeting of our Association, fellow members and guests, we bid you a hearty welcome, with the hope that the bonds of fraternal sympathy which bind us now may never diminish, but strengthen with our years, till, though soft as silken cords, they shall hold us like bands of steel. Let us remember that ours is a noble profession, calling forth as sterling qualities of head and heart as any pursuit in life. Let us bear in mind also, that our field is broad enough for all. Its growth keeps pace with the spread of civilization. Wherever the hum of manufacture is heard, wherever commerce spreads her white-winged sails, fire insurance has become an acknowledged necessity. With sentiments as broad as our field of action, let us pursue our calling "with malice towards none and charity for all." It is said that Alexander the Great bore on his forehead an ugly scar, received in battle. A celebrated artist painting his portrait, sketched him leaning on his elbow, his finger covering the scar; so should true friendship cover with the finger of charity a brother's defects, leaving revealed only the good and the beautiful. Friendship is not a summer flower; it blooms in all seasons. It is nourished by the gentle dews of heaven, and the storms and tempests which uproot the plants of shallower growth, cause it to throw out foundations deeper and stronger, and to cast new tendrils about the object by which it is supported, and which it shields and beautifies.

Mr. W. F. Fox—

I wish to say on my own behalf, and I think I can safely say on behalf of the other members who are assembled here, that we have been most highly entertained by the very excellent address to which we have listened. I may say, it is bristling full of good points, which should be dwelt upon at length by our Association and by the members of the fraternity at large. The key-notes of the policy of the future of underwriting have been sounded in the address of the President, and I hope that some appropriate committees will be formed to consider and report upon the meritorious recommendations made in the address. It will take more than one committee to do justice to the several subjects. I move that three committees, at least, be appointed upon the subjects of the President's address, with such divisions as the Chair may see fit to make.

The motion was carried.

The President (resuming the chair)—

How shall those committees be appointed?

Mr. Fox: By the Chair.

The President—

If there is no objection, the Chair will defer the appointment of those committees until the afternoon session.

Mr. A. W. Spalding—

Before the appointment of committees, which is next on the programme, I desire to say a word, as I feel deeply interested in the Library Committee. It was at my suggestion, when I was President of this Association, that this feature was added to our Association, and I feel that there has not been a sufficient amount of energy displayed in many departments of this work. As I look over the photographs over your chair, I find that we are fast losing the members of this Association, not only the Managers and the ex-Presidents of the Association, but many of our field men, whom we have associated with for years in field work, and have learned to love.

Nearly every Manager we have of a company now in Chicago has grown up from Local Agent and from the field man, differing entirely in this respect from other sections of our country. This field work has been a school in which the Manager has been educated in his work, and the men who have come up out of the field are the men who are the strongest supporters of our Compacts and Local Boards.

I, therefore, urge upon the Association, in the appointment of the Committee on Library, that they shall be men like David Beveridge, and other members of this Association, who have given their time to the collection of our library and the preparation of a place which, in ten years, will give our Association a world-wide history, and which every underwriter

from abroad will come to visit, and where we can preserve the photographs and the records of ancient underwriting. I hope that the Chair will take that into consideration in the forming of that committee. It seems to me to be of the utmost importance to our prosperity and reputation.

Mr. T. H. Smith—

I move that two committees be appointed by the Chair, consisting of three members each, to take suitable action in expressing the sense of the Association on the death of the gentlemen named in your address, viz., Mr. Johnston and Mr. Hope.

The motion was carried.

Mr. I. W. Holman—

I desire to call the attention of the Association to a little matter which has heretofore been referred to the Executive Committee, and from which, it seems to me, the Executive Committee should be relieved. I refer to Article III of the Constitution, which provides who may become members of this Association. I have not a copy of the Constitution before me, but, if I remember correctly, it provides that "the Manager, General Agent, Special Agent and State Agent shall be eligible to membership in the Association." I move that the proper steps be taken to add after the words in parenthesis in Article III of the Constitution, the words "Compact Manager, Secretary, or Superintendent of Underwriters' Commission." The gentlemen occupying those positions are certainly among the most experienced men that we have in our profession. It seems to me that they should be recognized by the Constitution as eligible to membership in this Association.

Mr. T. H. Smith—

Under our Constitution, amendments to the Constitution must be presented at one session and laid over till another before action.

Mr. A. W. Spalding—

Next session, but not for another year.

The President—

Yes; that they can be acted on at another session of this meeting?

Mr. Smith: Yes, sir.

Mr. Holman—

The motion is that proper steps be taken.

The President—

Those in favor of the adoption of Mr. Holman's amendment will say "aye."

The President put the question and declared it carried.

Mr. A. W. Spalding—

I think you are a little premature. That vote can be taken this afternoon or to-morrow. It must lie over one session.

The President—

I understood Mr. Smith to say that the vote that related to new members had to lie over.

Mr. Smith—

It relates to all amendments to the Constitution.

The President—

I did not so understand you. Then our action on that matter is in error.

Mr. Smith read Article XXVII of the Constitution.

Mr. A. P. Redfield—

I do not think that we have committed any unpardonable sin. The resolution of Mr. Holman was simply that proper steps should be taken looking towards this action. Now, we have adopted that recommendation, that proper steps shall be taken.

The President—

Let it be so recorded, that there shall be no misunderstanding about it. Then we will take formal action upon it this afternoon or to-morrow.

Mr. A. W. Spalding—

I move that a committee of three be appointed to prepare and present at the session to-morrow morning, in form, the amendment which Mr. Holman offers.

The President—

You move that as a substitute for Mr. Holman's motion?

Mr. Spalding: Yes, sir.

The motion was carried, and the President appointed as such committee Messrs. Holman, Spalding and Potter.

Mr. T. H. Smith—

I have an amendment to the By-laws which I desire to offer, or rather, to propose an addition to section one of the By-laws, as follows:

“Any member of this Association, in good standing, retiring from the insurance business, either temporarily or permanently, may, upon application to the Secretary, be placed upon a list to be known as Associate Members. Such associate members shall be liable for one-half of the regular dues or assessments. They shall be entitled to all the privileges of active members, except that of voting and holding office. No person shall become an associate member except as herein directed. That on any associate



member re-entering the insurance business, so as to be eligible to full membership, the Secretary shall mark his name off the list of associate members, and upon application, transfer him to the list of active members. The person so transferred shall not be liable for any membership fee." I will offer this for consideration, and it will come up at the proper time.

Mr. J. M. De Camp—

I move that it be referred to the same committee—the one just formed.

The motion was carried.

The Secretary read the following communications :

NEW YORK, Sept. 21, 1885.

J. L. WHITLOCK, Esq., *President Northwestern Association, Chicago.*

DEAR SIR: We take pleasure in sending to you for the library of the Association, by this mail, a copy of our Fire Tables, which we hope will find its proper place amongst the literature of the Association.

Yours truly,

THE CHRONICLE.

CHICAGO, Sept. 23, 1885.

*To the Northwestern Fire Underwriters' Association, Chicago, Ill.*

I beg you to accept from me, in return for the compliment of once being honored as your President, an imported chromo of the eruption of Vesuvius, from the water-side view, to be kept in the library of this Association, which, we hope, will ultimately develop into a museum of rare gifts, growing yearly more valuable, and soon to become the rendezvous of all specials and insurance men of the nation.

Yours truly,

A. W. SPALDING.

INDIANAPOLIS, IND., Sept. 21, 1885.

J. C. GRIFFITHS, Esq., *Secretary, Chicago.*

DEAR SIR: I greatly regret that business, which can neither be deferred nor delegated, calls me to Hannibal, Mo., on the date named for the meeting of the Association of the Northwest.

I will be the loser, for the programme foreshadows both an instructive and entertaining session. I would be especially interested in the discussion of the topic of "How to Lessen the Incendiary Loss." The intent and spirit of fire underwriting, viz., to distribute the honest fire losses of the comparative few upon the shoulders of the many, has been diverted, and the business has become the tempter to the avaricious and dishonest insurer, who seeks insurance for the purpose of readily converting undesirable and unsalable property into cash.

The underwriters ought to be able to reduce this evil to a minimum. As long as companies continue to pay commissions on the gross, it seems to

me that we will continue to offer premiums for fires. The agent considers his responsibility practically ended when he mails his daily report, and secures his company's acceptance. Men notoriously corrupt and dishonest can obtain insurance, and "lots of it." If your agent declines, mine or some one else will write. A case in point: A merchant called on the oldest agent in the town of——. He was a man of means—a banker, and yet resides in the States! He knew the man was embarrassed and of bad reputation, and a poor merchant. He declined his business; but he had his companies in range of this applicant. He did not warn his brother agents, but knew that he was going to insure, and learned when he did, and the company being swindled, he neither advised the company, nor relieved his own of the liability in the range. All the policies became claims.

How much better did this man of affairs treat his company than the agent did who placed the policy that set the fire? How will you get agents to exercise a continuous and scrutinizing care over the business? He would not represent your company if you did not pay him, nor will he continue to watch your interests, unless he has an interest in the profitable expiration of the risks.

Agents average with other reputable business classes in ability, care and integrity; but the old Connecticut lady's observation, that she knew but little about human "natur," but what little she did know led her to think it was a "nasty thing," applies.

The States have by so-called insurance legislation increased incendiarism. The valued policy law is a standing invitation to the rascally agent and corrupt insurer to unite their skill and burn; so, both the system of underwriting, as now conducted, and State legislation, invite the match. No man, as a rule, should be permitted to recover over three-fourths the value of property where the fire originates. This ought to be the law and the practice.

Respectfully yours,

L. D. MOODY.

DETROIT, MICH., Sept. 22, 1885.

To J. L. WHITLOCK, *Manager Glens Falls Insurance Co.*

Press of business has prevented my preparing paper for to-morrow. Do not think I can even attend meeting.

FRED. E. BURT.

Mr. J. G. Finnie—

I move that the Secretary be instructed to send the proper remembrances, in the way of thanks, to the gentlemen who make those presentations.

The motion was carried.

The Secretary read a telegram from R. B. Basford, at Winona:

WINONA, MINN., Sept. 23, 1885.

To J. C. GRIFFITHS, *Secretary Fire Underwriters' Association, Chicago, Ill.*

Report me on deck. Will attend Wednesday afternoon session.

R. B. BASFORD.

Mr. W. F. Hauxhurst—

I wish to move an addition to the By-laws, as follows: "The Secretary shall issue no complimentary or visitors' tickets to anyone eligible to membership within the territory of the Association. He shall insert in each ticket the name of the party admitted, and the member requesting the ticket; and a list of all tickets thus issued shall be kept by him."

Mr. J. G. Finnie—

I move that that resolution be referred to the same committee that was appointed awhile ago to act upon amendments to the Constitution.

Mr. C. W. Potter—

Is not that according to the Constitution and By-laws now?

The President—

I am not familiar with the point. If the committee think it is, of course they need not take action upon it.

Mr. T. H. Smith—

I will say that it is not a part of our Constitution and By-laws.

The President—

I think they have no right to admit such, except by a vote.

Mr. T. H. Smith—

The question came up some years ago, and the Executive Committee passed a rule as an Executive Committee rule; and each committee from that time on to this has passed the same rule. Last year this rule was overridden by the Association, and now some members of the Executive Committee feel that the Association should take action—that it should be an Association rule, and not be made on the responsibility of the Executive Committee.

The motion was carried.

The President—

If there is nothing else, a recess will be in order. We got started in pretty good time this morning, and if we adjourn now it will be with the hope and expectation that every gentleman present, together with everyone that he can find in the city who is here for the purpose of attending our meeting, will convene promptly at 2 o'clock. It will be our pleasure then to listen to the Annual Address, by Mr. J. Montgomery Hare—a pleasure none of you can afford to forego, and I hope that the room will be crowded to its utmost capacity at 2 o'clock, sharp.

Mr. J. M. De Camp—

I move that a full invitation be extended to the heads of insurance departments, who are in session at the Leland Hotel, inviting them to be present at that Annual Address. They have been furnished, I believe, with a cordial invitation from the Chair, and if the Secretary would send them over a dozen or fifteen tickets of admission so that they might pass in, it would be very timely, and if he could address a communication at this, noon-time, that would be very appropriate.

The President—

A very timely suggestion. Do you desire formal action?

Mr. J. M. De Camp: I just merely make the suggestion.

The President—

If there are no objections, we will see that the suggestion is carried out.

Mr. C. W. Potter: I move we adjourn to 2 o'clock.

The motion was carried, and the convention took a recess till 2 P. M.

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## AFTERNOON SESSION.

The convention re-assembled at 2 P. M., and was called to order by the President.

The President—

In conformity with the wish expressed this morning, I will now appoint some of the committees. It was suggested that three be appointed on the President's Address. It has been divided into the following topics:

1. *Compensation to Agents on the Contingent Commission Plan*—For this portion of the address we will appoint Messrs. W. F. Fox, W. F. Hauxhurst and Abram Williams.

2. *Policy-holders' Contribution*—Committee, Messrs. C. H. Case C. W. Potter and A. W. Spalding.

3. *Compacts and Local Boards*—Committee, Messrs. J. M. De Camp, H. C. Clarkson and W. F. Ross.

*Committee on the Death of Col. Johnston*—Messrs. E. A. Hough, R. B. Carson and W. H. Seiders.

*Committee on the Death of George T. Hope*—Messrs. C. E. Bliven, Abram Williams and John Howley.

Mr. J. M. De Camp—

I regret to say that I must be absent to-morrow, and I will not be able to serve on the Committee on Compacts. I would suggest the substitution of the name of Mr. J. B. Bennett.

### The President—

We are sorry Mr. De Camp should find it necessary to leave us so early, and thank him for suggesting so good a man to take his place. Mr. J. B. Bennett will then be appointed on the Committee on Compacts and Local Boards in place of Mr. De Camp.

I now take very great pleasure in introducing to you Mr. J. Montgomery Hare, who will favor us with the Annual Address.

### ANNUAL ADDRESS.

MR. PRESIDENT AND GENTLEMEN OF THE FIRE UNDERWRITERS' ASSOCIATION OF THE NORTHWEST:

When your President honored me with the invitation to prepare the Annual Address for this meeting, I thought he had made a great mistake, and you will probably agree with me in this before I am through. However, as I am here with my paper, your only chance now for revenge is to refuse to give him the opportunity to commit another such blunder at the next meeting.

As the time approached for the meeting, being overwhelmed by the responsibility I had assumed, I deserted my office and fled to the rock-bound coasts of Massachusetts, hoping for an inspiration while inhaling the intellectual atmosphere of the center of all enlightenment, but alas! in vain. True, thoughts came, but they were mostly of the *Puritan* and *Genesta*, or of cold-roast Boston, and so, disconsolately, I returned home, and after great efforts, imagined I had something new and fresh, but in an evil moment picked up the book containing a report of your last annual proceedings, and there was not an address delivered there that had not encroached upon my thoughts.

Well, I said to myself, it only goes to prove that all great minds think alike; I will put the matter in a somewhat different shape, and press it upon those Western men, and tell them until they influence their business to conform to such views they shall have it kept before them, "Line upon line, precept upon precept; here a little and there a little." This, I mused, must be a fresh quotation. Surely the Northwestern fellows will not have had the Bible quoted to them. Alas! when I had lighted my cigar to encourage a frame of mind serene enough for me to proceed, I picked up President Drew's address, and even here I had been forestalled.

I closed that book again, and struck out to find words which, whether they be words of wisdom or not, must be left to you to decide. That they describe the worst symptoms that our business exhibits, I feel assured, and if I can obtain the influence of this Association to bring about a change of only a part, I shall be content.

In this pushing, pressing, restless land of ours, everything becomes moulded on a large scale, and fire insurance agency business is no excep-

tion. Beginning with the work of a few companies, it has now grown so large as to require a small army of men to attend to its various details. With the twenty thousand Local Agents distributed in every city, town and hamlet of every State and territory, there has grown the necessity of some system of personal inspection, and as a result, we have the Special Agent and the Association of the Northwest.

Some underwriters are seemingly of opinion that if we could only go back thirty years, and have the Local Agent of that day to represent us, there would be no further use for you, but I fear this impression is in the same category as that of our grandfathers and grandmothers, who maintain that the beef and mutton of the present day are not as tender as they were when they were young. Whether this comes from the condition of their teeth, or the softening influence of time upon their memories, I will not attempt to decide. I believe that the Local Agent of to-day is a much better informed underwriter than his predecessors of earlier days. The business then was much more simple, because, as compared with the present time, there were comparatively few manufacturing hazards, and those were of a class simple in their character.

Many an agent, in sending a company a risk, does so conscientiously, but, from want of knowledge of the peculiar danger of the hazard—from his having seen but few—is unable to decide whether the risk of fire is immediate or distant, and therefore cannot fix a suitable rate. While he has knowledge of one or two risks of the class, we know of hundreds or thousands, and can form, from information gathered from our loss books and our classifications, opinions which often astonish us all. I wish, therefore, to say these words of defense of the much-abused agent: that there are poor ones, 'tis true, but the average is high, both for intelligence and probity, and would be higher, if the companies did not so often prove the tempters in their greed for business.

To any company doing an agency business on a large scale, Special Agents are as the fingers to the hands; as they labor successfully, so the company prospers, or *vice versa*. The Special Agent must not only be a good judge of men, but he must be an expert in judging of the dangers from fire, as they exist in every conceivable hazard. He should be sufficiently informed as to the hazards of all classes of manufacturing risks, to be prepared to inform the Local Agent of the dangers to be apprehended, and how these can be so controlled as to improve the risk. What is, therefore, now wanted, is a more thorough knowledge in this line.

We are having, at the present day, more light on these subjects from papers read at such meetings as this, and through the fire insurance press, than ever before, but why should not this Association, the pioneer of all the others, provide some plan by which, in addition to the papers read at your annual meetings, monthly papers on the character of hazards, examined from the underwriters' standpoint, and prepared by experts, should

be circulated among its members? Memberships then would be of increased value to all in the business, and the additional dues necessary would be money well expended.

I have been told that the manufacturers of New England patronize their mutual companies, not only because of the larger dividends they receive and the saving thereby, but because they can be great gainers in learning economies in manufacture. To this end the leading office, the Boston Manufacturers' Mutual Insurance Company, publishes at short intervals papers on such subjects, which are intended solely for the use of their customers.

One of the troubles of the stock companies arises from the divergence in views of the examining Special Agents. Would not this be largely remedied by some such plan? Whether this be practicable, must be settled by yourselves, but I am confident that the company which has the Special Agent who is best informed on such subjects and has him examine their business thoroughly, will be the company that will report the smallest loss ratio.

Some underwriters place the responsibility of the present unprofitable condition of the business upon the shoulders of the Local Agents and our way of remunerating them, but I think the responsibility rests elsewhere. It is upon our shoulders and upon yours that it must fall. Who selects the Local Agents but you; who but we pass the poor business and allow it to go on our books?

My greatest objection to the plan of contingent commission, now so favorite a theory with some of us, is, that it is to relieve the most responsible men of the company from responsibility. One thing, however, is very sure: if this way of compensating agents is going to do all that its advocates maintain, the millennium of the business is upon us.

Let us diagnose the present situation and see, if we can, what is the cause of the unsatisfactory condition of the business.

It is the determination to keep increasing our premium income, to hold our own in the agency, that swells the losses.

It is the bad effect upon the Local Agent of a competing company readily accepting that which we refuse, that makes us hesitate to order a risk off our books, and induces us to carry what our judgment does not approve.

In England no agent represents more than one company and they carry all his lines which they approve, and re-insure among each other the amounts in excess of what they deem prudent. If such a plan was the custom here many of our troubles would be removed.

At present the good business on our books is too often made to carry the poor; our rates are not properly gauged to the hazard. The small "A" or "B" building with one tenant pays part of the premium which should be charged the building of large area with a number of tenants.

The risks protected by police supervision, competent fire departments and adequate water supply, carry those not so protected.

The yearly risks are made to carry those written for terms of over one year.

The mercantile and dwelling risks are made to provide profits out of which are paid losses arising from manufacturing hazards.

If the rates charged for a risk where there is 75 or 80 % of insurance to value are properly fixed, then in those many cases where similar risks are insured for but 50 to 60 % of value, we charge for the latter an inadequate premium.

We permit full or over-insurance, offering actually a reward for carelessness and incendiarism and withholding any inducement to the insured to honestly care for his property.

We suffer from excessive taxation and onerous legislation, the work of our State legislators, who having no thorough knowledge of the business and calling in no expert aid, proceed to burden us with taxes and to provide contracts for us to issue, which we, one of the parties to them, have no voice in framing.

Our plan of allowing Local Agents to at once issue policies on manufacturing risks without first submitting them to the head office, often proves unprofitable both to the agent and the company he represents.

In certain of our States and territories our rates are not sufficiently high when compared with those of places where, from milder climate, older settlement or less moral hazard, the number of fires is less.

There are many other disorders from which we suffer, but those I have referred to, remedied by the new treatment which I have to propose, will, I think, make our stockholders and our head offices smile with contentment and satisfaction, and place the business of insurance on a higher plane. As it is at present, we often wince at the taunts of the critics, who say we bet on chance and gamble on losses.

I fully believe that many of our representatives in our halls of legislation vote for the valued policy bills which are being forced upon us, to make the underwriters take some steps to prevent incendiarism, either intentional or otherwise, by making the insured a co-insurer with the companies. Not in sympathy at all with the sentiment, now so popular, of anything to beat corporations or capital, they vote in such a way as for the time to so classify themselves.

They argue that if the companies are forced to pay the amount for which they issue their policies, they will, for their own protection, make rules or issue contracts which will provide that in no event shall there be any inducement to realize on an insurance policy.

While our legislators are trying to enact laws which force us to offer inducements to incendiarism and carelessness, perhaps it would be well to call their attention to some provisions of the French Code :



ARTICLE 1382 states: "Anyone's act causing a damage to others, obliges the party at fault to mend it."

ARTICLE 1383: "Everyone is responsible for the damages he may cause, either by neglect or imprudence."

ARTICLE 1386 provides: "The landlord of a building is responsible for the damages caused by its destruction, when caused by a want of maintaining it, or of imperfection in the construction."

ARTICLE 1721: "If any loss arises from a default or imperfection in the premises let on rent, the landlord must indemnify the tenant."

ARTICLE 1733: "The tenant is responsible for all damages arising from a fire, unless he can prove that the fire was a consequence of a fortuitous event, or of an imperfection in the construction of the building, or that the fire was communicated from a neighboring property."

ARTICLE 1734: "If the building is inhabited by several tenants, all of them are jointly responsible, and each for all, unless they can prove that the fire originated on the premises of one of them, in which case he alone is responsible, or unless some of them can prove that the fire could not have begun on their premises, in which case they have no responsibility."

This last article was afterwards modified as follows: "If there are several tenants, they are all responsible for the fire proportionally to the value of the part of the premises occupied by each of them."

In addition to the climatic causes, which explain to some extent our abnormally high loss ratio when compared with other countries, the bad construction of our buildings in the absence of proper building laws and their enforcement, we have, as the greatest cause of the frequent fires, the carelessness of the American people.

Now, the way to cure this is to make those responsible suffer by them. The best citizen will have a better risk for this; the best proof is our own feelings. If compelled to leave our dwelling-house or our store, is not our anxiety lessened if it is wholly insured, and if our policy by chance expires and is not renewed for a few days, do we not keep a close eye on that dwelling or store until we have again the protection of a fire insurance policy? To secure this watchful care, let us provide that on each one hundred dollars of hazard the assured shall have twenty dollars at his own risk. If we could fix values at the time the insurance was accepted, we could accomplish this by refusing to permit more than this proportion; but this is obviously impossible. Personal property varies in price from day to day to such an extent as to make any valuation simply delusive. In the case of real property, no reliable value could be made without calling in experts, which would so seriously increase the cost of fire insurance as to cause more grumbling at our rates of premium than the adjustment of values at the time of fire now calls forth.

Then, also, as the insurance may be arranged for months, and in some

cases years, before the fire occurs, the values in that time may have become much shrunken by depreciation from various causes.

Nothing so much as this co-insurance clause will help us in reducing the losses of the country. It will make each insured, in addition to better care of his property, alert to see that building laws are enacted and then, still better, enforced; to see that incendiaries are hunted down and punished. It will be mutual insurance on the best plan, and its results will soon enable the companies to reduce the rates.

It has been urged against this plan that it will tend to weaken credit by not giving sufficient protection to capital. This can be prevented by the owner dividing his values so as not to have all exposed to any one fire. In cases of large stocks of merchandise, by storing part in separate warehouses, he can reduce the values so that his contribution will not be a heavy loss for him to bear. The tendency of this will be to reduce the size of our buildings, now, in many cases, so large as to threaten whole blocks in our cities and to bring upon us general conflagrations.

Attached to this, should also be the stipulation that each insurer shall place insurance to the amount of 80 cents on the dollar of value, and failing to have this, shall be a contributor for such deficiency.

As at present arranged, we do not deal with equal justice to our customers. Given the same character of risk in every respect, the same class of building, the same description of merchandise, the same efficiency in the fire department and adequacy of water supply, and the customer who insures sixty cents on the dollar, as against the one who insures eighty cents on the dollar, will pay 25 % less rate.

The merchant whose rate is 1 %, and insures but 60 % of a stock valued at \$100,000, will, as against his neighbor paying the same rate but insuring 80 % of a stock of the same value, save just \$200 in premiums each year, and in case of loss, in a large majority of cases, each will recover the same amount of insurance money from the underwriters.

Need anything further be said to show the necessity of some plan by which this flagrant injustice shall be remedied?

The reductions made in our term rates are out of all reason. An examination of the statements of our companies, as made to the insurance department of New York, shows that the average rate of interest secured on assets is 4.81 %. Taking this as the interest secured on premiums paid in advance for long term insurance and compounding it, we find as follows: If 1 % for five years is a fairly profitable rate, then the rate which stands in proper relation to this for three years is 62 $\frac{1}{2}$  cents, and for one year is 21  $\frac{1}{16}$  cents. If we reverse the calculation we find, if 35 cents is as low as you can safely carry a risk for one year, then the figures to be charged, which stand in proper relation to this, is 1 % for three years and 1.59 for five years.

Have we not been doing some random business in our reduction of

rates to secure business for longer terms than one year? I think the figures so show.

In addition to this enormous discount allowed for term risks, there are other reasons why it is objectionable. You take a building, the surroundings of which may be unexceptional at the time of insuring, and the applicant in every way desirable, but what may these be at the end of three or five years? You may find the risk in that lapse of time has no resemblance whatever to the one you accepted, and yet, in case of loss, you pay for it rather than to contest it in the courts.

Still we go on doing the business to the extent of nearly one-half of our premiums, and our statements, as a result, show higher average rates to mislead us.

Let me quote from Mr. Hine on this subject:

"When I say that 41 % of the business of 1883 was term, and that of the \$90,779,180 premiums received, about \$25,000,000 must be set over to future years, you will see that our apparent annual rate of 97 cents comes down to less than 70 cents—a figure considerably below what we were getting twenty-five years ago, when the average was 85 cents, and the term business less than 6 % of the whole."

The insurance superintendents have done all that they could to stop this term business, by making it a heavy burden upon the companies in reducing their net surplus, but apparently in vain.

Why not adopt the rule in force in England for deductions on risks taken for long terms. Two year risks there are taken for two premiums, less  $2\frac{1}{2}$  %; three year risks for three premiums, less 5 %; four year risks for four premiums, less  $7\frac{1}{2}$  %; five year risks for five premiums, less 10 %; which is just a fair allowance for the use of the money.

Our remedy for increased taxation in any town, city, county or State, is a percentage to be added to the rate to more than fully cover this tax, whether it be a specific one or a percentage. This should be in such shape that it shows it is collected because of the tax, by an endorsement on the policy that \$—— is charged because of excessive taxation.

Every policy, if this plan be followed, will be a strong influence of public sentiment on the subject.

I think this is very much preferable to a withdrawal or ceasing to do business, as this causes us to lose business, which the other will not, if done through the action of the Local Board.

In the address made to you at your last annual meeting by Mr. Hine, one of the most exhaustive ever made, in my opinion, to an underwriting assembly, and leaving very little to be said by others on the subject, figures are there given which show that our losses in this country have not increased in greater proportion than the values covered. It is a great error to argue because our losses last year were so many millions more than the year before, that our country is rapidly burning up. We leave out

entirely from such a calculation that values, in a country growing as ours does, have enormously increased.

Mr. Hine's tables show that instead of our losses increasing, they have relatively decreased; that while the average loss to risks in force for twenty-four years was 52 cents on the hundred dollars, for the year 1883 it was but 48 cents on the hundred dollars.

Carrying on this table to include last year's business, we find that in 1884 we wrote \$9,736,329,252, on which the losses were \$48,946,331, which shows a ratio of 50 cents on the hundred dollars, being only an increase over the relative proportion of amount written to loss paid of \$1,957,853, not an extraordinary increase, certainly, and giving no great cause of anxiety.

Now, this has been a very comforting discovery to me, as it shows that we are not nearly so reckless a people as is generally supposed. It is very misleading to take the losses to premiums received as the evidence of an increase of the burning ability of the country.

What we suffer from, therefore, at the present time, is that our rates are not sufficiently high, and a comparison of those now charged with those current during National Board times, I think, will prove this.

For the State of Illinois, the minimum rate of the National Board for brick or stone stores on preferred stocks in "B" buildings was 1.15, in "B C" buildings was 1.25, in "C" buildings was 1.40, this with one floor occupant. Can you show to-day any such rates as these charged?

Let us make some comparisons with our special hazard rates. It must be with the Illinois State Board rates for places without fire departments or water supply, as I have no other at hand; therefore, the difference will not be so marked and so favorable to my view of the subject, but still will answer my purpose.

I only quote rates for "C" buildings, so as not to go into too great detail.

	<i>Illinois State Board Rates.</i>	<i>National Board Rates.</i>
Breweries, - - - -	\$1.75	\$3.00
Malt kilns entirely brick or iron, 25 cents less.		Malt kilns of iron or brick, 50 cents less.
Drug stores, retail, - - - -	1.50	1.75
Drug stores, wholesale, - - - -	2.50	2.75
Furniture factories, standard, - - - -	3.50	5.00
Glass works, - - - -	2.00	3.00
Hub and spoke factories, - - - -	5.00	6.00
Linseed oil mills, - - - -	2.50	3.00
Livery stables, - - - -	2.50	2.75
Lumber yards, - - - -	1.50	2.75
Paper mills, rag, - - - -	2.25	3.00
Planing mills, standard, - - - -	4.50	5.50

I will not weary you by quoting further. While some of the risks in the classes not quoted, such as rolling mills and nail works, are rated the same in both tariffs, as a rule, there will be found as much difference on all. This, if put in force, will give us more than the 10 % we want to add to our profit ratio.

What is needed is that we shall have prepared for each hazard a schedule of charges based on a minimum, charging for deficiencies. In this way we shall do exact justice to each, and offer an inducement to our customers to improve their hazards.

Our experience with those already in operation in the West has been favorable. It encourages better construction, and places our rates on a more exact basis.

Hitherto the system of schedule rating has been tried in some cases, but when it has failed it has been from the complex character of the schedule rather than fault in the system itself. From the dwelling-house to the flouring-mill or wood-worker we should give credit for good construction and charge for deficiencies, promoting that class of construction and that arrangement in manufacturing risks which our experience shows reduces the danger of fires.

Ours is not a charitable business, except as its results protect those who otherwise would be left penniless. We are in the business for the profit that can be made from it, but as good citizens it should be both our duty and our pleasure to advance the interests of our fellow countrymen by measures which, while enabling us to do that for which our capital is invested, will also secure this end.

Where we find a low grade of risks, we should charge for them higher rates, and this will force improvements which will tend to reduce the entire losses of the country.

The great mass of people don't recognize how serious this loss is in its consequences to the welfare of the nation. Let us keep it before them on all occasions.

Both agents and companies now are the losers because of the custom of issuing policies on special hazards without first submitting them to the head office; the agent, because if canceled afterwards, the customer is disturbed, and the risk possibly goes to another agent; the company, because if the policy had not been issued, but the risk merely submitted, they would have felt freer to have refused, and thus escape a possible loss. It would be a much better plan to have such risks covered by an *ad interim* receipt, the premium paid, and an agreement that it could be canceled on twenty-four hours' notice to the assured, at the wish of the company. If this course was followed the office could consult with the field men as to the risk, in many cases could survey it, and if accepted, could suggest a form of policy with much benefit to all concerned. In England even agents at the largest agencies do not issue policies on any class of hazard;

they are all issued at the head office. Agents are permitted to issue *interim* receipts, protecting the assured for a period not exceeding thirty days, the insured paying the full premium, or a deposit on account thereof. Should the head office decline to issue a policy, the agent is at once advised and he returns to the insured the amount paid, less premium for the time the office is on the risk. Competition has caused great looseness in our ways; is it not time to cry a halt, and see if we are not going too fast?

In closing, I wish to urge upon you the thought that no reform can be effected in our business without coöperation. It is only by conferring together on our mutual interest that we can accomplish any satisfactory results. There is an ill-founded idea that combinations of underwriters work an injury to the people, but this is false. No steps were ever taken which have resulted in improvements to the character of buildings from a fire insurance standpoint, that were not the result of a union of action of the companies.

The public can rely upon new companies entering the field and reducing rates when these have proved so high as to show extraordinary profit.

Let us, therefore, strive to improve our methods, and in so doing, show our customers that in making a fair profit, we are only giving them sure indemnity, and reducing the dangers of fire in which their business involves them.

To you, as the leading Association of the country of Special Agents, much credit is due. See to it that you hold in proper regard your responsibilities. While you cannot of yourselves effect reforms such as I have attempted to show necessary, you have, through your State Associations, and your influence with your companies, opportunities which will tend largely towards that end.

#### The President—

The next subject is "Loss Cycles in Insurance." We will now have the pleasure of listening to a paper on this subject by Mr. H. P. Hubbell, State Agent of the Springfield Fire and Marine Insurance Company.

#### LOSS CYCLES IN INSURANCE.

MR. PRESIDENT AND GENTLEMEN OF THE FIRE UNDERWRITERS' ASSOCIATION OF THE NORTHWEST:

Under the ground at Madison, Wis., there is a magnetic observatory. If you were to divest yourself of everything that is attractive, and were then to be admitted there, you would find, among other instruments, a finely-balanced horizontal needle. Could you spend the time to watch it, you would observe that shortly after 8 o'clock in the morning the north end was moving slowly towards the west, which movement would continue until about half-past 1 or 2 o'clock, when it would come to a state of rest. After a short time it would return in like manner, creeping from

point to point, until about 10 o'clock in the evening it would have reached its starting point. Here it would rest until about 12 o'clock midnight, when it would move a little to the west, then back again to its original position, where it would remain, ready to begin its daily movement at 8 o'clock.

If your observations had begun at the time of the northern solstice, and had you marked its utmost western limit the first day, you would find that on the second day it passed that limit a little, the third day it would go still a little further, and so on, day after day, for six months. Then for the next six months it would lose a little day by day, until it reached the short journey of twelve months before.

For a great many years scientific men have been recording these observations at Madison, Toronto, St. Helena, Berlin, Greenwich and other places, and the study of their records shows that year after year, for five or six years, there is an *increase* in the western limit of its swing, and then for five or six years a *decrease*, making the period from maximum western limit to maximum western limit again, some eleven or twelve years.

In addition to the daily and regular motion of the needle, it is subject to spasmodic movements of greater or less violence. At such times the needle appears to be violently jerked aside from its normal position. It has been found that these spasmodic movements are more frequent in some years than in others, in fact, that like the annual range of the needle, they are subject to an eleven or twelve year period. Now, it has been observed that there is a remarkable correspondence between these violent exhibitions of magnetic force and the presence of the Northern Lights. So close, indeed, is the relationship, that the presence of an aurora can be known by simply noting the vibrations of the needle. The inference would be plain, even if other sources of information were wanting, that since the spasmodic movements of the needle followed an eleven or twelve year period, auroras followed the same law. Fortunately, however, such a record of auroras has been kept as to make us independent of this inference. That record shows that they have a period of fluctuation from maximum to maximum of about eleven or twelve years.

Again, you have all heard of spots on the sun. These spots are irregular and jagged areas, often of immense size, which appear at one edge of that luminary, slowly traverse its surface, and sink behind the opposite edge. They undergo constant changes, expanding, contracting and disappearing. With a view to getting all the facts in the case, a German, named Schwabe, with a perseverance unparalleled even among scientific men, devoted *forty-six years* to observations of the sun's surface. The study of his records disclosed the unexpected fact that the solar spots had a period of maximum and minimum frequency, and that that period was one of eleven or twelve years.

Investigations as to the frequency of earthquake shocks, and of vol-

canic eruptions, developed the same law of periodicity. And what is of more interest to us, as *practical* men, it was found that the rainfall, as measured by gauges, by the comparative height of the water of lakes, and by the volume of water discharged by rivers, showed the same wonderful cyclic law.

It being desirable to know whether *violent storms* followed the same rule, it occurred to some scientific men that the information might be obtained indirectly by the study of the number of marine losses paid on vessels in the different years as kept at Lloyd's, in England. The investigation of those records *disclosed the workings of the same mysterious eleven or twelve year period*. So that, as a matter of *fact*, we find that sun-spots, auroras, magnetic disturbances, rainfalls, earthquakes, volcanic eruptions, storms and marine losses are governed by a periodic law, and it may truly be said that there is an intimate relationship existing between the number of spots on the surface of the sun and the amount of dividend which a marine insurance stockholder will obtain in any specified year!

But if storms on the ocean have a periodic development, the same atmospheric or meteorological causes must produce the same effects on land, and therefore, we must conclude that *land* storms, with their usual accompaniments of wind and lightning, follow the eleven or twelve year cycle. It would be interesting, indeed, to have recourse to the records of lightning losses kept by some large agency company, for I am confident that in them will be found years of maximum and minimum frequency recurring at regular intervals.

Now that windstorm insurance has found its place with underwriters, the statistics of losses from this source will be of especial interest, for in them there is almost an entire absence of *moral hazard*, and the records, therefore, will be the records of physical causes only. Cyclones and tornadoes, being but an extreme development of a storm, will be found following the same law, as to frequency, that storms do. And since both are largely *electrical*, it would be a reasonable inference, aside from the positive proof before cited, that as the earth's magnetism undergoes a periodical change of eleven or twelve years, the earth's electricity would follow a similar course, for one is but a manifestation of the other.

Now, from what has been said we learn that there is a storm cycle of eleven or twelve years, which, as a matter of *fact*, gives us a marine-loss cycle of like duration; that as a matter of *inference*, there is undoubtedly a lightning loss cycle, and a windstorm, cyclone and tornado loss cycle of like period, so that there but remains the consideration of the fire loss cycle, and which, I dare say, is of most interest to you.

Unfortunately for the purposes of this paper, the statistics bearing upon the question, at the command of the writer, are exceedingly meagre, and if, therefore, the theory is not supported by such an array of facts as



would commend itself to practical men, it is not because the facts do not exist, but because they are not accessible.

I have shown to you that there is a magnetical and electrical maximum development every eleven or twelve years. I have also shown that there is a maximum rainfall every eleven or twelve years. The effect of these combined causes upon vegetation must be apparent. If, for instance, at the maximum period we should have wet and cold summers, and at the minimum period dry and hot summers, a crop that found its highest development in the one period would find its lowest in the other, and, therefore, it would be subject to a periodic law. Some crops, like wheat, for instance, seem to find the seasons most suitable for their development half way between the maximum and minimum periods, thus giving a six-year period, or two short periods within the twelve year period above alluded to. This is shown in a remarkable manner by the prices of wheat in the Liverpool market. The average price for the crop-year ending Aug. 31, 1855, expressed in United States currency, was \$2.10. The next year, 1856, it was \$2.22, which was the maximum year. Then it declined and rose again, reaching its next maximum in 1862, at \$1.74. It reached another maximum in 1868, at \$2.05, and again in 1874, at \$1.84. Here the statistics at hand ended, but the next maximum should have been in 1880, and the next this present crop-year, ending Aug. 31, 1886. The regularity with which these prices reach a maximum development every six years in the Liverpool market is important, for that market is the receptacle of the world's surplus, and into its granaries is drawn the wheat of India, Australia, Russia and America. Therefore, as the world's supply fluctuates, so does the price in that market.

Cotton, corn and pork (which is corn transformed), doubtless follow a six or twelve year cycle, being, like wheat, dependent upon the weather. Insects that are so injurious to crops also seem to follow a periodic law, notably the locusts, which have a twelve year cycle.

Hence, it seems to happen that about every twelve years there is a concurrence of adverse circumstances throughout the world, whether from a series of poor crops, or from a series of good crops, causing overproduction and glutted markets and unremunerative prices, which gives to the business or financial world periods of depression, followed by intermediate periods of prosperity.

In the "Chronicle Fire Tables" for 1884, is a diagram showing the number of fires and the number of failures in a series of years. A comparison of the two shows that while they do not reach their respective minimums in the same year, yet there is a general correspondence in direction, increase in number of fires following increase in number of failures.

In another diagram is shown the "Movement of the Fire Loss in the United States for Ten Years, in Millions of Dollars," from 1875 to 1884,

inclusive. In 1875 the movement was on the down grade, the losses for that year being 78.1 millions. In the next year, 1876, the loss was 64.6 millions. In 1877 it reacted a little, and the loss was 68.2 millions, but in 1878 it reached its minimum at 64.3 millions. Thence, with but one slight variation, it has risen to 77.7, 74.6, 81.2, 84.5, 100.1, reaching 110 millions in 1884. This steady and enormous increase in six years of 45.7 millions, or 70 %, has excited the keenest interest, not only among underwriters, but in the business world generally. There has been a steady rise in rates; there has been a cutting down of lines; there has been an enlargement of prohibited lists, and a general trimming of sails to weather the storm, and the results of 1885 are anxiously awaited.

Now, the question is, whether the annual loss is to increase indefinitely, or whether this series of increasing loss years is to be followed by a series of decreasing loss years; in other words, whether the law of periodicity governs here as elsewhere.

When we scan the diagram of losses above referred to, we find that the loss for 1875 was 78.1 millions. It then fell below that figure, and did not again reach that amount until 1881, just *six* years afterwards. The minimum loss year, 1878, was *just half way* between these two points, and from this minimum year to 1884 is *six* years. On the theory of a twelve-year cycle governing fire losses, therefore, I am inclined to think that 1878 was the minimum, and 1884 the maximum year, and I shall *expect to see, for the next five or six years, steadily decreasing losses.*

In seeking for the causes which produce this periodicity, I put but little stress upon the *direct* effect of the weather. That is to say, that losses resulting from hot and dry seasons do not appreciably affect the general result, for it is possible that a maximum of losses from this cause may fall in the minimum period of *general* losses. And the same is true of lightning losses, for it should have been stated that though the law of periodicity holds true of many things, yet it does not necessarily follow that the maximum of any one series of phenomena corresponds with the maximum of another series. The maximum of sun-spots may be the minimum of rainfall, or *vice versa*; and the minimum of auroras may be the maximum of cholera, or the reverse. We cannot tell; we only know that periodicity exists, due to some unknown cause in nature, unless, indeed, it is due, as many think, to the revolutions about the sun of that "giant planet," Jupiter. The period of his revolution is  $11\frac{8}{9}$  years, and it is supposed that in some way in every revolution there is such an effect produced upon the sun as to manifest itself to us by the presence or absence of sun-spots, and that these varying conditions in the sun affect our earth with its vegetable and animal life.

If, then, we cannot look for the source of this great increase in losses in causes depending directly upon the weather, we must, I think, conclude that it has its origin in those *general financial* conditions which give rise to

business failures. Those conditions are, a series of five or six years of steadily increasing prosperity, during which investments bring sure returns, and capital seeks new channels. The capacity of established industries is increased, new enterprises are engaged in, stocks in trade are swollen, and the whole country seems borne along on a high wave of prosperity. Then, suddenly, there is a general failure of crops, or there is such an over-production of them as to bring down prices to an unremunerative figure. The purchasing power of the country is curtailed; there is not the expected demand for the stocks in trade, but as the check is not felt at once, the mills and factories go on adding to the already over-stocked markets, and by and by the crest of the wave breaks, and there follows several years of business stagnation, failures and incendiary fires.

In the prosperous years, capital, being transformed into mills and factories and stocks, there are, therefore, a largely increased number of risks, so that from purely ordinary causes we should have a corresponding increase in losses, and this, doubtless, accounts for a good share of the 70 % increase referred to. But if we were to assume that insurable property had increased in six years 30 %, and that losses from that cause had increased in like manner, we should still have left 40 % yet unaccounted for. A thousand chimneys, stores, dwellings, mills or factories built in 1878 are practically the same as the like number built in 1884, so that we cannot look to *physical* causes for this balance, and the conclusion is inevitable, that it is the *moral* hazard that must be held accountable; *that the bulk of the enormous increase in fire waste is due to the incendiary's torch!*

Admitting the correctness of these conclusions, there are several deductions which suggest themselves.

*First.* The recurrence, at more or less regular intervals, of these excessive loss-years must be inevitably expected.

*Second.* As "an ounce of prevention is worth a pound of cure," the time to purge the business of doubtful risks is during the closing period of those healthy years, when all is so deceptively prosperous.

*Third.* That those companies which fail to work on this plan, but hasten to reform their methods when the worst is over, are, it is to be feared, but "locking the barn after the horse is stolen," and they are likely to ascribe to their own reformatory measures what is really due to the operation of *general* causes.

*Fourth.* That no amount of watchfulness can *entirely* remove the operation of these periodical causes, for the moral hazard is very frequently of mushroom-like growth, and springs up spontaneously in what before had been good soil.

*Fifth.* No increase of rates, nor additions to prohibited lists, will materially affect results, for it is not *special* causes that have produced so *general* a disaster. Those industries, trades, callings, which are most closely dependent upon the trade of farmers, will feel the heaviest strain,

and among them the leaven of incendiarism works and extends upwards to related industries until it permeates the whole mass.

*Seventh.* That to the Special Agent the moral hazard should be the main object of inspection, and that the pruning-knife should be freely applied to over-insurance, to experimental ventures, and to unprofitable business. In doing this, he will not only work up to the best results for himself and his company, but he will do much towards lessening that great, periodic fire-waste, which, like some fiery monster, has swept with increasing size across our heavens, has reached his perihelion, and is now, let us fondly hope, receding to those cooler realms of space whence it will be many years ere he again emerges.

#### The President—

Gentlemen of the Association, before we proceed with the next topic I have a little matter that I want to call your attention to, hoping that you may render to your Executive Committee and President some relief. We have been importuned repeatedly, and with great persistence, by a representative of the Harden Star Grenade Fire Extinguisher Company, to witness an exhibition that they would like to give this Association some time to-morrow. The members of the Executive Committee and myself have sought to persuade these gentlemen that your time would be so occupied that you could not give the matter attention; but they have followed us up so closely on the subject, that in self-defense we have finally concluded to submit it to your consideration as to whether it would be agreeable to you to take the time to witness such exhibition as they may prepare for you, between the hours of 12 and 2 o'clock to-morrow. Doubtless, it may occur to many of you the object which the company may have in mind. Perhaps they have in view to further their own interests quite as much as to entertain us; but it is a proper question for you to decide. Therefore, I would be glad if some one would offer a motion, so that we can decide the subject at this time.

#### Mr. C. W. Potter—

I move that the consideration of that question be postponed until our next annual meeting.

#### Mr. T. H. Smith—

While I would like to defer to Mr. Potter to a certain extent, I wish to make the suggestion that an answer be sent to these gentlemen that to-morrow we will be too busy to attend to them, but that if they would have their exhibition at some hour on Friday, as many as possibly can will be there.

#### Mr. C. E. Bliven—

I believe that since the organization of this Association, it is on record that it has never accepted or entertained such a proposition as that. I

know that the Association has been quoted as endorsing what perhaps it would not do under any circumstances whatever. I, therefore, move to amend Mr. Potter's motion so as to postpone the matter indefinitely.

Mr. C. W. Potter: I accept the amendment.

Mr. W. B. Cornell—

Since the Special Agents up in Wisconsin filled a fellows hand-grenades with coal oil, and a stock of them recently burned up last winter, making a total loss, I don't think it is worth our while to devote much time to hand-grenades.

The President—

Gentlemen, you will understand, I think, from my explanation, why I bring this to your attention. We have been so pressed on the subject by these gentlemen that we had to do it, as I said before, in self-defense. I am glad that action is likely to be taken.

The motion as amended by Mr. Bliven was carried unanimously.

The President—

"Our Responsibility." This will be made plain to us now in a paper to be read by Mr. J. C. Griffiths, our esteemed Secretary, also State Agent of the Home Insurance Company, New York.

#### OUR RESPONSIBILITY.

MR. PRESIDENT AND GENTLEMEN OF THE FIRE UNDERWRITERS' ASSOCIATION OF THE NORTHWEST:

In every department of life we find man hedged about with conditions, the nature of which he may be more or less responsible for. This is very clearly illustrated in his social and domestic relationship, and needs no argument to affirm it; but when you assert that he is responsible for the condition of the business which he is engaged in, then it is necessary to show wherein he is responsible.

It is my desire to briefly consider the present situation of Fire Underwriting, and then to ask you to what extent are we, as members of the profession, responsible for the situation; and also, to what extent does the responsibility rest upon us to remedy the evils complained of?—a very leading subject, I admit, and one that should be more capably handled than is within the scope of my ability. A friend, in reply to a letter asking his views upon the subject of my paper, said: "You are a brave man to tackle the theme, for it is one that ramifies most bewilderingly, and is delicate withal; for whichever way you tread, almost, are tender toes, the owners of which, taken by tens, would if questioned, serenely shift 'Our

Responsibility' to the shoulders of 'the other fellows,' and be touchingly oblivious to their own short-comings."

While this is true—and no person may be willing to admit that he is in the least responsible for the present unsatisfactory situation of the business—yet this is also true that all suffer alike; and whether you are suffering from your own sins or the sins of others, you are equally interested in the solution of the present situation.

To properly treat so important a theme, and so that the views expressed by me should not be limited to the scope of my knowledge, I took the liberty of addressing letters to a number of leading underwriters, asking their views upon the subject, and I shall read you extracts from some of the replies received from these gentlemen, and you will be surprised at the unanimity of thought. So, in expressing myself, I shall not give you my views alone, but quote liberally from the thoughts of these gentlemen who have been so kind as to write me. It is my desire to treat the subject in a spirit of truth and "without fear of friend or foe," and I wish it to be distinctly understood that in speaking of practices which, to my mind, have brought about the present unsatisfactory situation in the fire insurance business, I do so without reference to any company or individual engaged in it.

I then ask, gentlemen, to what extent are we responsible for the present situation of the business of Fire Underwriting?

I assume that it is not necessary for me to tell you what the situation is. A gradual falling off, year by year, of the companies' assets, speaks more forcibly than I can, and who will deny that this diminution of wealth is not attributable to some great cause? What, then, is this cause, and for which we are responsible?

One gentleman writes me: "To my mind, the evils we suffer from, and which are so alarmingly increased of late, are largely, if not entirely, attributable to ourselves, and may be classified under three heads: Dishonest Agents, 'Smart Aleck' Adjusters, and the Insatiable Greed of Companies for business. The greed of the companies for business is largely responsible for the dishonesty of agents, and entirely so for the enormous commissions and other 'perquisites' paid for an unprofitable business—no less responsible for the 'card-board' variety of architecture common to this country; for why should any one endeavor to erect as near as possible fire-proof buildings, when he can get insurance to its full value on any class of buildings he chooses to erect; and when he can insure his very rents, and get as much rent for a 'ginger-bread' structure that did not cost 60 % of what it should to make it reasonably safe against fire, as if he had used all reasonable precaution to protect it?"

Another gentleman writes me: "To my mind, our trouble arises from the insane greed for more premiums on the part of the newer agency companies, not content with a moderate and healthy growth—met by the

persistent effort on the part of the older ones 'to keep what they have and get what they can.' This unwise competition leads, first, to appointment of ignorant, and sometimes dishonest agents, then to extra compensation or allowances, or a larger direct commission; if there is no board, to a reduction of rates; if there is a board, to a system of unequal rating, or a neglect to raise rates where too low. So, as a result, we have the evil of too many Local and Special Agents, too much office force and other machinery, as expensive as a locomotive watering a flower-garden. Agents get careless as to rates, forms, and all their responsibilities, and are paid a premium for their disloyalty by the companies who employ them. The manner of our adjustments has much to do with the hostility of the people, with imperfect contracts, largely owing to the faulty agency system, and a tendency to fight on technicalities where losses are honest. Incompetent and disloyal agents, Local and Special, disregard the true principle of insurance as well as of fair dealing."

Another gentleman writes: "There is no doubt but what the companies themselves are mostly responsible for the present, to say the least, unsatisfactory state of Underwriting throughout the country. Jealousy, bad faith, excessive commissions, etc., have done the work, and will continue to do it. Inadequate rates and excessive commissions are the natural outcome of these, and benefit everybody but the companies themselves. Hostility of the public, which prompts adverse legislation, while, to a certain extent, the remains of old-time ignorance as to the intention and merits of insurance, is undoubtedly encouraged and fostered by bad faith on the part of the companies. Grossly incompetent and dishonest agents, careless supervision, etc., are all component parts of existing evils."

Another gentleman writes: "The subject you have selected is one, it seems to me, the scope of which might fill an octavo volume, instead of exhausting it within the narrow limits of a brief essay.

"In your division of the subject, I am unable to determine how much of your paper is to circle around that word 'our'; whether it is to be a large 'our' or a small one, and whether it includes company officers, Managers, State and Local Agents. If it includes the above varieties of insurance men, as I suppose it does, I think I should add to your very excellent enlargement of each head the interrogation which might grow out of the multitude of evils which undeniably exist in the business, and which every now and then a spasmodic effort is made to correct by those who, in my judgment, are mainly responsible for them. I mean companies and managers.

"The interrogation I would suggest is, *Who is responsible?* If it is inadequate rates, who can stop the downward tendency better than those who hold the rudder in this business? Is it excessive commissions? Who must bear the responsibility for that? Is it competition for business? Who is responsible for the recklessness with which the same is carried on, regardless of all well-known and established principles, the work of

bitter experience and the outgrowth and result of many years? Is it hostile legislation? Then who can check it if our Managers and officers have not the grit to stand erect and retaliate? And as to the remedy, I know of no source whence this shall come if not from the same as I have already indicated as responsible for the evils which exist.

"There are a few strange features connected with our business, which I think belong to no other business consisting of bargain and sale, one of which is the constant tendency downwards. Take, for example, the matter of rates, permissions for this and that other dangerous feature, the looseness as to form of contract—but they are too numerous to mention. The fact remains, that as the years come with increasing hazards, and the antagonism of courts, etc., the conduct of our business is being more and more conducted on the fast and loose, free and easy, come and go, give and take plan, the outcome of which it would puzzle 'the seventh son of a seventh son to predict.'"

In speaking of hostile legislation, one gentleman writes: "In many cases the passage of some obnoxious law is distinctly traceable to the profession. Every unjust act makes us an enemy, and often a whole group of them. The companies too often employ Adjusters who openly boast of the *close* adjustments they make, and think it a matter to be proud of, when by skill and training and superior sharpness they have over-reached a claimant. This is one of the most fruitful sources of the public hostility. There are many others, and until there is a national law governing insurance, these evils will continue. I believe Congress has power to legislate on this subject; and I further believe a proper effort could secure such legislation as would nullify most, if not all, the obnoxious laws on the statute books of the several States."

Speaking of the lack of supervision on the part of the companies, one gentleman writes: "In my opinion one of the chief reasons why no more money is made out of the business, is the absence of thorough, honest work on the part of the companies and the field force. Some companies never supervise the business at all, and many of the Special Agents take only a very superficial glance at the business when they visit an agency, and, I fear, do not always back up the conservative views of their companies when the agent complains that such views are depriving him of a risk he wants to write just as the applicant desires; and how often, too, does it happen that boards and tariffs are made impossible because of the want of backbone on the part of the Special, or some ill-advised *sub-rosa* remarks to the agent. A company may supervise business never so well in a town, but if other companies neglect it, their poor risks burn up the good ones. My belief is that if all of the leading agency companies would go to work supervising their business carefully and systematically, finding out and correcting defects of physical hazard, like bad chimneys, furnaces, boilers, etc., etc., we would have a great decrease of the loss ratio within one year, but with-



out some such thorough supervision I do not think any tariffs, boards, compacts, or four-fifths clause will ever give much profit generally."

I have quoted liberally on this side of the question from a few of the letters received. A majority of the others say substantially the same thing, and I regret that time and space will not permit me to give their letters *verbatim*.

A careful review of the manner in which some companies have done business will clearly illustrate their responsibility for the hostility of the public, and the adverse legislation from which we are suffering in many States. It is a fact that the companies employ men as agents who are totally unfit for the position, and who utterly disregard all the principles of insurance, their only object seeming to be to get the people to take as large a policy as possible that their remuneration may be increased; and how often do Adjusters find, when called upon to settle some loss, that the property has been insured to double its cash value. Now, we all know that had the companies knowledge of this fact, they would not insure the property; but what means have they for determining it, when the very application which is made the basis of the contract is full of misrepresentations?

The first valued policy law was enacted in Wisconsin, and was the outgrowth of the three-fourths clause in some of the companies' policies, which was rendered necessary on the part of the companies to protect themselves against over-insurance by this class of agents. So, you see, gentlemen, we are entirely responsible for this valued policy law which we regard as so outrageous on the companies who desire to conduct their business on business principles.

I have only briefly touched upon some of the points bearing upon "Our Responsibility" for the present condition of the business, and as reform is the order of the day, I wish now to say something on that side of the question.

It is a fact that a very large majority of the insuring public are interested with the companies in bringing about any reform which will reduce the loss ratio, and at the same time make insurance cheaper for them; so that any reform inaugurated by the companies will receive the support of a majority of the insuring public. And bearing upon this subject, I quote from an article from one of the daily papers: "Let an honest effort be made by insurance companies to get at the value of the property and confine the insurance to two-thirds or three-fourths its value. It is nonsense to say this cannot be done; it can be done. Then let insurance companies pay agents a commission on premiums written, as is now done, but require a forfeiture of such a percentage of commissions for fire losses, and then the little busy agent will have an interest in keeping insurance well within the value of the property. It is to the interest of insurance companies and property-owners that a radical reform of some kind take place in the matter of fire insurance. Neither the insurance companies nor the people can afford the

enormous destruction of property that annually occurs from fires that originate from criminally constructed chimneys, criminal carelessness of fully insured or over-insured owners, too much zeal on the part of insurance agents, and deliberate incendiarism. The property-owner pays no attention to the chimney, as he intends to keep himself fully insured. If an individual felt disposed to take a portion of his own risk and in a measure watch his property and his chimneys, he has no encouragement to do it if near other property which is insured for all or more than its worth and whose owners do not care whether it burns or not."

Another daily journal says: "The question of insurance is now attracting considerable attention, in view of some extensive fires that have recently occurred in the State. Over-insurance is no doubt a great evil and is the cause of many fires, and while persons who are heavily insured may not actually set fire to their buildings, this feeling of security causes them to be unduly careless, which results in the burning of property. How to remedy this evil is the great question. It must be done, if done at all, by the insurance companies; and to do it will be found a most difficult task. Agents do business on a commission; they get a certain percentage on the premiums received. This system stimulates them to obtain the largest amount of insurance possible, and the natural result is over-insurance. Until companies can regulate their agents so that they guard against over-insurance, the evil will exist. Every effort should be made to secure proper care on the part of the agents. The property presented for insurance should be carefully inspected with reference to its real value, and the rule should be not to insure property for more than two-thirds of its value. Should this rule be rigidly or reasonably enforced, many losses would never occur, and rates would be reduced, and still the companies would make money. But so long as risks are taken in amounts exceeding the value of the property insured, frequent losses will occur and companies will lose money. The remedy is with the companies themselves. They must adopt measures that will insure caution among their agents as to the amount they will insure on property presented to them for that purpose."

A gentleman writing me upon this side of the subject says: "I do not expect a reformation in our business until many companies reap the reward of their own foolhardiness and dishonesty. When a sufficient mortality has set in to awaken not only stockholders, but the public, to the true inwardness of affairs, we may expect a change. We may expect that agents will be selected for their honesty and prudence, for the *quality* and not quantity of their business, instead of as to-day for volume alone. We may expect that the remuneration will at least in part be governed by the profit they have made, if indeed the happy day will not come when they will all be paid a salary, and the business of an agency, if not of a city, be pooled. We may then expect that incendiarism as an industry will be rendered so odious that few will have the temerity to embark in it; that the public will

realize that *they* are the parties who pay the losses; that the fewer fires, the less insurance will cost them, and the more taxable property is left; that insurance companies are simply the collectors of the insurance tax, and that a fire simply means the wiping out of existence of so much of the wealth of a community and State without *any* returns. Then we will have building laws that will prevent fire traps; we will have an agreement, if not a law, that will cause property-owners to have a pecuniary interest in the preservation of their property in the way of the three-fourths or two-thirds clause."

Another gentleman writes: "Never, in my humble opinion, unless human nature undergoes a radical change, will the insurance business blossom into full success until the interests of insurer and insured are drawn toward each other by the three-quarter, the co-insurance clause, or some other balance-wheel eliminating the moral hazard as far as may be. This, of course, is generally speaking; for in humankind at large are many that the mighty dollar, potent agent that it is, cannot swerve from the path of right a single hair's breadth. And then there are others—but never mind about the others. Life is much too short to do full justice to that branch of the subject. 'Our Responsibility' might be turned loose with wholesome effect into the channels of hostile legislation, where sooner or later a great battle has to be fought. You see that people do not 'catch on' to the idea that in the long run they have to pay the losses, and that to increase them by asinine law-making is the very reverse of reform; so unless enlightenment becomes suddenly epidemic, which is not likely, or the law-makers develop a bigger average of brain, which is still less so, the responsibility of lessening the fire waste may be assumed by the companies to the extent of united withdrawal from some State whose salaried solons have saddled the insurers, and more remotely the insured, with some measure more than ordinarily burdensome, and so, by causing a financial panic, open the eyes of the people to the fact that corporations are useful, and, as well as individuals, have rights, and that the interests of both to a much greater degree than is supposed by the masses, are mutual."

Another gentleman writes: "To reform all these evils will be as much of a task as cleaning the 'Augean stables,' and it will take care, time and education; but I believe it must be done by the companies themselves. More care must be taken in the selection of their representatives, whether Agents, Special Agents or Adjusters, or, in fact, Managers, Secretaries and Presidents. Discord must cease, and all work for the common good and profit."

From the opinions quoted, it is clearly demonstrated that any reform in the business must be inaugurated by the companies themselves. To expect any different treatment from the people, while the business is conducted as at present, is out of the question, from the very fact that the present method of conducting it is father of the evils complained of; and

we owe a duty to every honest insurer, who is entitled to his insurance at the lowest minimum price, as well as our stockholders, to immediately "put our house in order," and institute such innovations in the manner of doing the business as will eliminate from it the evils complained of, and every step taken by the companies in this direction will receive the support of every honest insurer, who represents, by large odds, the majority of our patrons.

What, then, is necessary to be done? In the first place, insurance is too easy to obtain. What capitalist ever thinks of making a man a loan upon his representation of the value of the security? And yet this is what the companies are doing every day. To be sure, the companies don't understand it this way, agreeing, by their contract, to only pay the actual cash value of the property at the time of the fire, but since the company, through its agent, has virtually agreed with the man as to the value as represented by him, by taking the premium upon the amount, it puts them in very bad odor to wait until after a fire to ascertain what the true value of the property was. Nor is it fair for the public to say: "Your agent should have known what the property was worth." A man endowed with the knowledge of the value of all things only lived upon the earth a little over thirty years, and he was crucified. What would the companies do for Local Agents if such power was given them to-day? Why, we would have Calvarys at every cross-road, and the business would all have to be done by the officers of the companies!

No, we need some other means of ascertaining the value of the property other than the estimation of the assured and the opinion of the agents, whose knowledge may be in an entirely different direction, and while it may not be practical to insist upon a detailed estimate of the cost of replacing a building, by two competent builders, yet it would be in reason to demand a certificate, under oath, by such, as to the present cash value of the property. Such a precaution is certainly necessary in all States having valued policy laws upon its statutes, and would make such a luxury very unpopular.

As to the means of ascertaining the value of personal property, let the applicant be compelled to furnish a detailed statement of the quality and kind with the age of each article, and cost of same. It appears to me that we exercise the least care of all in writing policies upon stocks of merchandise. It is no trouble for a merchant to get insurance to double the value of his stock, and it is seldom the agent asks him what was the amount of his last inventory and when taken, or whether he keeps books of account, for Adjusters will testify that they have had many losses on stocks to settle, where there was not even any correct record of purchases and sales; and as for the last inventory taken, why that is so old that it has become defaced by age, or if intact, portions of it are missing, it having been taken on scraps of paper! Now, all this illustrates that we are too eager to insure property, and

do not adopt safeguards to insure profits to the companies, or for what may be for the best interests of assured. If *we* do not place any value on our policies, we cannot expect the people to, and so long as companies will issue policies in this free-and-easy way, just so long we may expect no reform, and the business will continue to be unprofitable to the companies.

No policies should be written on stocks of merchandise where the assured does not keep books of accounts—at least, showing his purchases and cash and credit sales—and where an inventory is taken at least once a year, a copy of which should be furnished the agent under oath, who should supply the company insuring the property with a certified copy, as well as a statement of the merchant's assets and liabilities. If such a showing could be made to the companies, what losses could be averted, and how much better it would be for the merchants at large, who would be compelled to make such a showing—for he would become acquainted with his true condition at least once a year, which now he seldom or ever knows. When the value of all property is ascertained in the manner I have described, then no company should insure to exceed three-fourths of it. Will some say that these suggestions are not practical? Well, judging from the manner in which the business is at present conducted, they would seem not to be; but, gentlemen, if you wish to command respect from the world you must be worthy of it, and throw around yourselves such safeguards as prudence demands and such as honest men will respect. To expect to make profit out of the business as now conducted is out of the question, and sooner or later you will be compelled to adopt some such reforms as I have mentioned, or seek some other business for a livelihood. It may be charged that I have been a little too severe in my criticism, but, gentlemen, the patient is very sick and needs medicine of more than ordinary strength to revive him. Let us, then, members of the profession, wake up to the sense of our duty and realize "our responsibility."

The President—

Next on our programme, gentlemen, is a discussion on a matter of importance, and one in which I hope every member, as far as possible, will take part: "How Can the Incendiary Loss be Lessened?" I hope the subject will be opened promptly and followed up with interest.

Mr. A. W. Spalding—

I think that the first step that will be necessary to prevent or reduce the incendiary hazard of our business, is by limiting the insurance to a certain per cent., according to the character of the business transacted, of the payment of the actual loss. It has been stated here to-day that an 80 or an 85 % should be maintained on the actual loss incurred by the insured. I think that should be a variable table, on account of the necessities of commerce. For instance, our transactions are very large, involving millions of money, in our grain business, in our pork business, in our large

breweries and distilling interests, wherein it is an absolute necessity that those interests should be almost fully protected by insurance. But in order to make the risk beyond any question a physical loss when it occurs, I should say that a 10 % deduction from the actual loss would be sufficient to accomplish that purpose and remove any incendiary hazard.

Upon all our risks that are written, what we call our outside risks, where the percentage of loss averages about 70 %, I should say that the three-quarter clause, enacted by legislation, would be a corrective of that error, and reduce our percentage of incendiary fires.

Another consideration : I think that the time is drifting in the concentration of legislation by the National Congress, and that the time is not far off when the public sentiment of this country—especially among the insurance companies and the commercial and manufacturing interests—when they will demand of Congress a law creating a National Insurance Bureau, in charge of an eminent underwriter, at such a salary and with such clerical help and force as will enable him to gather all the statistical information necessary to our business in America. That will furnish us information of the causes and the averages which pertain to incendiary fires that will almost be certain. It will be the compiler of the experiences of all the companies, as we have no organization now that they will trust their experiences with. But if we have a national bureau on the subject of fire and life insurance, the companies will entrust those experiences to such public officer, and we will become possessed of valuable experience tables, which will not apply to the experience of any one company.

Now, I do not know that it is practicable, or immediately in the future, that these objects can be maintained. But if the insurance companies and officers, and the strong commercial interests of our country, will bring to bear an influence upon our members of Congress and senators, and upon the administration of this country, to have the President recommend such a department, I believe it will result, in a few years, in having such ideas carried into the legislation of our country.

In Germany the government insures the buildings of that country and the loss is paid by a public tax. Where the fire originates in the building insured by the government, no loss is paid, making the owner of that property careful as to the tenants whom he allows to occupy it.

The French law, as has been stated in several addresses here to-day, is also mandatory upon all companies as to how they shall conduct their business and pay their losses.

There is every argument to bring to bear upon Congress to enact such a law governing our own business, and, I believe, until it is made a statutory enactment that the companies shall not pay—not that they shall pay, like the laws of Wisconsin—but that they shall not pay to exceed a cer-

tain per cent. of loss upon the property insured, that our evils will not be corrected.

Mr. T. H. Smith—

The question that is before us for discussion is a very broad one—as broad as any that has been before us. But the Secretary, in his paper, strikes the key-note, I believe, of one way in which the loss may be lessened, and that is, by requiring a statement from the insured that shall be sworn to in making up that contract, and basing it upon the sworn statement of value, and placing the insurance below that. There is, perhaps, too much of a lack of regard for the sanctity of an oath in this country, but there are a good many still who are like a good old friend of mine down in the central portion of the State, for whom I settled a loss a few years ago. He was one of our Hebrew friends, and when we got through the question came up: "What is the total value of your stock? It must be put in your proof." "Well," says he, "put in \$7,000." We put it in. In the next morning's paper it came out: "\$15,000 worth of goods damaged." I met him on the street afterwards, and says I: "Your stock seems to have increased wonderfully during the night?" "Ah!" says he, "mine frent, dat newspaper statement vas not sworn to."

Well, there are a good many just like him, that when they come to swear to the amount they have got, will prune it down very cautiously and carefully. I believe that that is one way in which the loss can be lessened, by requiring such a statement of value that the assured, who knows better than anybody else, will give an honest statement, and one that will do to tie to.

Mr. J. A. Cost—

The subject, "How can Fire Loss by Incendiarism be Lessened," is one which strikes us in the United States to the tune, as I understand it, of about \$35,000,000 a year. It is estimated that this fire loss is caused by criminal negligence, or by parties who set fire to their own property. It is, therefore, a question which interests political economists as well as underwriters; it is a question which has come to be one of national importance. The continual increase has been so gradual that it has scarcely attracted as much attention probably as it should.

As we all know, incendiaries may be divided into two classes: those who burn their property in order that they may gain thereby, and those who burn the property of others through motives of revenge, malice or mischief. Now, it is sometimes quite interesting to note the different causes and motives which induce policy-holders to burn their own property in order that they may collect the insurance.

Not very long ago an Adjuster told me that he had a case where a man had burned up his own property in order that he might raise money to elope

with his neighbor's wife! Now, we cannot afford to pay for that kind of a hazard. That is entirely too expensive.

Now, what are the remedies? Mr. President, it seems to me, first, that we must make the agent interested in the result; and, as one of the remedies in that direction, let us make the test of a contingent commission; let us pay the agent according to the profits on his business. This is, possibly, not a *continental* doctrine, but it is a doctrine, gentlemen, which I believe is going to win. The indications are all in that direction. And I believe that right there is one of the secrets which will ultimately have the effect of lessening incendiary losses, because an agent is not going to issue a policy on a risk where he feels he is going to lose money by the transaction.

Now, another way in which it seems to me that the danger from incendiarism may be lessened, is this: to resist to the last every fraudulent claim. It seems to me that possibly in the great rush for business the companies have been led to pay losses that they felt right down in their bosom ought not to have been paid—that ought to have been resisted to the last court of resort. If the companies would take a practical view of it, looking forward to the future and not just for the present business, and would resist every loss claim where it was fraudulent, it seems to me that it would have the effect of attracting attention to that particular clause, so that parties who expect to burn out for the purpose of getting their insurance will be a little more careful.

In other words, now, if a man has got a fraudulent loss, if an Adjuster can make some kind of a trade with him and get up the policy for \$25 or \$100, he is apt to do it. But suppose he does that; nobody else knows anything about it; the public does not know it; the Adjuster is not going to stay there and tell about it, and the man himself is not going to tell about it. But if the case was resisted, if the man made a fuss about it, it would be advertised, and that would have the effect of preventing others from going through that same experience.

Then, again, it seems to me that we lack much important information, which has before been alluded to, on account of not having adduced proper statistics. I am in favor of, and would offer it as a suggestion, the desirability of having a fire commissioner in every county, whose duties should correspond to those of coronor, and whose duty should be to investigate every loss by fire, the same as the coroner investigates the cause of every violent death. Let him have power to summon witnesses, to have a jury, and to go to the root of the matter, whether it is supposed that the parties burned the property, or whether it was supposed to have been burned by other parties. Let him furnish the information that he shall obtain in this way to the grand jury, if necessary; and, in all events, to report this information to the Insurance Commissioner of the State. You can readily see that as time went on the Insurance Commissioner would



have information there as to the causes of fires which would be invaluable; and the fact that there was an officer that would go to the root of every case of that kind, would, in my judgment, be a preventive of many cases of incendiarism that we now suffer and pay for.

Mr. W. F. Fox—

I do not wish to enter into any discussion. I simply wish to add a word to what has been said by the other gentlemen, who have apparently covered all the ground. But the remarks have been mostly directed to the question of legislation, inviting national and State legislation to prevent incendiary losses, which is all right and proper. But, unfortunately, the current of legislation now-a-days is not in that direction, and I do not think that insurance companies at present may look for much relief in the direction of legislation. They must ask themselves: What can we do, regardless of legislation, to prevent incendiary losses? At the same time, while they are doing all they can, let them prepare the statistics and present this data to the State officer, and invite such legislation as will be warranted by their showing. But to wait until we shall have the millennium on the incendiary question by legislation, would be waiting a long time. I am afraid this Association would be extinct before that period would arrive.

It strikes me, as an observer of the current of events, and as an Adjuster of some years' experience, that if a three-quarter clause were inserted in every policy it would stop incendiarism, pretty nearly. Yet, there may be cases where a party would be willing to sell out at 25 % discount for cash, and he would burn out and take his discount and make money by the transaction. For the average insurer, however, I think a three-quarter loss clause would pretty much dispose of the incendiary feature in our business, and in the absence of prohibitory legislation to that effect, that could be done by our companies.

It requires no legislation to say what the companies will do; but sometimes it requires some to say what they shall not do. They can introduce the three-quarter clause if they see fit. Why they do not see fit, is something more than I can comprehend. With the incendiary loss entering so largely into the record of their general experience as it does, I am at a loss to know why it is that some such remedial measure as that has not been adopted. When you burn 25 % of the loss into every one's pocket who is a loser, you will stop that feature which we are now talking about.

In regard to taking risks and insurance upon a list valuation, this objection—especially in regard to merchandise, where it would be impracticable—will arise: The goods come in to-day and go out to-morrow. It is absolutely impracticable to do it as regards merchandise. It may be done with regard to household furniture, by periodically supplementing the list, either taking from or adding to, and filing the amendment with the underwriter who insures; in fact, making a new contract, or an amended con-

tract, every thirty days, if the insured buys or disposes of a piece of furniture. That is barely possible, but it is almost impracticable. But with regard to merchandise, the theory is wholly impracticable; it cannot be done.

As regards buildings, it might be possible, but it would incur a great deal of expense, as has been alluded to by one or two gentlemen who have touched upon the question. The expense of having all the buildings appraised by competent experts, and then placing a certain amount on that valuation, would amount to a good deal and would have to come out of somebody. Either these experts would have to be paid by the companies and the expense charged back in the rate, or be paid by the assured, which would make his premium come pretty high. If you make the assured pay the expense, I think there would be some objection on the part of the public, and if you allow the companies to pay the expense, there might be some objection on the score that it would tend very largely to increase rates.

There seems to be no accurate method of getting at a solution of the question as regards buildings, except, in the absence of valued policy laws, to provide in our contract that we will pay a certain percentage of the proved valuation at the time of the destruction. If a party insures a building for \$10,000 worth only \$3,000, pay him a certain fractional proportion on the \$3,000; and if he understands that to be the contract, he will have no motive for insuring beyond a fractional portion of the \$3,000, and will not insure for the \$10,000.

That remedy is in our own hands, and why, I say again and again, the insurers of this country do not apply the remedy to the present necessities of the case, is beyond my comprehension.

I am glad to see that the Wisconsin State Board has announced itself on that question. Commission No. 3 received a communication not long since embodying their sentiments in regard to the three-quarter clause as applied generally, not only to special hazards, but applied universally, and that, I think, is the sentiment of all the State Board organizations. I believe it is the sentiment of all Special Agents who have had any experience in the business, and I further believe that it is the sentiment of the companies, only they are afraid to do it—afraid that the one who ventures first will be the loser thereby. The want of unity of action would seem to be the only reason why the three-quarter clause is not introduced now in our contract.

It has been very appropriately said that if we could have statistics turned into our State departments from which to gather data to present to our legislators that they might see the magnitude of this evil, we might get such legislation eventually, perhaps, as would kill this incendiarism through that means.

To have an insurance coroner, so to speak, involves legislation again; and we have to look to the State of Illinois, or the county of Cook,

through its board of commissioners, or the city of Chicago, through its council, to create such an office and appoint such an officer and give him certain powers. That again involves legislation, I say, which we may not be able to secure.

The companies, though, could combine upon a plan of reporting their incendiary losses voluntarily to the State Auditor of Illinois, or the Insurance Commissioner of Wisconsin, and the officer of every State who has charge of the insurance. They could prepare their own lists, and send them in to those State officers, to be tabulated by them and presented in their annual reports to the legislatures, going to show the evil of incendiarism as reported by the insurance companies, who have to foot the bill. That the companies could do themselves, without any legislation and without these officers. Then these officers would, perhaps, be brought into existence by subsequent legislation. But the companies must take the initiative, and prepare the facts which will invite legislation. That they can do themselves, and I think it is high time that they did it.

With regard to a sliding scale on merchandise, as Mr. Spalding has very appropriately said, the necessities are such that an 85 % or 95 %, or any other fixed per cent., might not apply, perhaps. I speak now of merchandise. On buildings the three-quarter clause will do, also on household furniture that is reasonably fixed in its valuation, or for a time at least, but on merchandise, which fluctuates so, and where the demands for indemnity are so pressing as they are upon some merchants who require the endorsement of insurance to give them credit, it might be possible that they would have to go as high as 95 and may be 97, or any other fraction of per cent.; or let it be 97½. Any party, no matter who he is, that is so expanded on the one hand, or so poor on the other, that he cannot stand 2½ % of his own loss, is too poor to be supported by insurance. But a fluctuating scale might do, say from 50 % up to 95 %, to accommodate our warehousemen and our wholesalers; and, certainly, I do not think there is any one of them but what could pay 5 % of their own loss. I think they would be in favor of it, if it could be shown that by adopting that system generally it would tend to reduce the general loss of the country and also the general cost of insurance.

Mr. C. W. Potter—

I do not imagine that the discussion of this matter here, by this body, will immediately remove the danger of incendiarism, but I do think that two-thirds of it can be very easily removed, simply by removing the possibility of the assured to in any event make any money out of a loss. That would probably remove two-thirds of it; the other third would have to be removed by hanging the incendiary. But you have got to catch him before you can hang him!

It is well known that I have been an advocate for several years of

the idea that in order to stop incendiarism and reduce our losses we must in every case make the assured bear a portion of the loss, no matter whether it is total or partial. While Mr. Fox intimates it would be difficult to introduce the three-quarter clause in a State having a valued policy law, that law the companies are themselves to blame for. Had they had the same backbone when that law was first passed in Wisconsin that they seem to have now in New Hampshire, we would never have heard of that law again. Then was the time that the companies made their grand mistake. They were urged, many of them, to take that same decided stand, but it was impossible to get them to unite upon that or any other important question. That is the same case to-day. Several companies would not unite in withdrawing from the field that had proved profitable to the underwriters, but that will become necessary before the losses can be reduced.

And, Mr. President, I think that it is within the power of the underwriters of the United States to secure the repeal of the valued policy law of every State in the Union, and the substitution therefor of a law preventing insurance companies from paying enough to make it profitable for any man to destroy his property. That would not be antagonistic to the interests of the public, but for their interest. Pass such laws as that, and adopt that course, gentlemen, and you will do the public a benefit. You will very soon reduce their rates for insurance, and they will see where they are benefited by it.

We have first got to educate the public to appreciate the necessity for that reform. Let them understand that it is not antagonistic to their own interests. There is the key-note for us to work from. We have first got to educate the public. Let them understand that we want the laws repealed, not because we wish to do them any harm, but because we wish to benefit them as well as ourselves. We are all interested. The business of underwriting is one of the most important of all, and is the foundation of all commercial transactions in this country to-day. Without it we cannot prosper.

Look at New Hampshire! Where are they? If these companies have the backbone to stand by the position that they have taken, there is not a man in Boston or New York, or anywhere else, who will send those merchants goods unless they can procure insurance. They will very soon see the folly of passing any such laws that work to their own detriment.

Mr. A. W. Spalding—

I will give notice to the Association that at to-morrow's session I will introduce an amendment to our By-laws providing for a committee of this Association upon the subject of Statistics, to consist of one Special Agent from each State, located at the capital of that State, and having influence with the administrations in those various States. The object of this

amendment is to invite the companies to give us their incendiary statistics that they may be presented to the State departments of the various States within the jurisdiction of this Association.

The President—

The convention will please take notice of the gentleman's suggestion. He will offer his amendment to-morrow.

Mr. Underwood—

Is there anything before the convention?

The President—

Nothing special except the discussion. We will be glad to hear from you, sir.

Mr. Underwood—

I desire to offer some resolutions, and in offering them, I would ask that the consideration of them be set for the hour of 11 o'clock to-morrow morning. I am myself so unfortunate as to wish to say a single word upon the resolutions, and there may be other gentlemen present standing in the same position.

#### RESOLUTIONS CONDEMNING VALUED-POLICY LAWS.

The Fire Underwriters' Association of the Northwest, in annual convention assembled, desiring to place itself upon record in the matter of the "New Hampshire Valued Policy Bill," the passage of which necessitated the withdrawal of the fire insurance companies from that State, presents to the insurance fraternity its views as follows:

*Resolved*, That the growing injustice done to the fire insurance companies by many of the legislatures of the States throughout the country, in enacting laws which are not only subversive of the good government and welfare of their respective constituents, but are really premiums offered for arson and incendiarism.

*Resolved*, That silence and submission on the part of those who have placed their fortunes at risk in the very hazardous enterprise of protecting the people from losses by the ravages of fire, is no longer becoming, and "forbearance has ceased to be a virtue."

*Resolved*, That the passage, by the late legislature of the State of New Hampshire, and the endorsement by its governor, of what is known as the "Valued Policy Bill," is unworthy of the age and civilization in which we live, and merits the condemnation of all right-thinking men.

*Resolved*, That the manly stand taken by so many of the most prominent fire insurance companies doing business in the United States, in promptly withdrawing the protection heretofore afforded the citizens of

New Hampshire, was their only alternative, and meets our fullest approbation.

*Resolved*, That we recognize in the act that the time has at length arrived when the fire insurance capital is about to breast the pelting storms of abuse, unjust taxation and kindred oppressions, and while standing in its place as one of the recognized necessities among the commercial enterprises of the present day, asserts and demands its just rights and protection.

*Resolved*, That the minority of the legislature of the State of New Hampshire, which so nobly dared to do right, in its earnest protest and vote against said "Valued Policy Bill," is entitled to our thanks, and we hereby tender to each and every member thereof our most profound acknowledgments.

The President—

You have heard the resolutions offered by Mr. Underwood, which he wishes to have considered at 11 o'clock to-morrow. What is your pleasure in regard to them?

Mr. C. W. Potter—

It seems to me that the resolutions are so well worded, so complete, and reflect the views of this Association so clearly, that the postponement is entirely unnecessary. I would move, sir, the immediate adoption of the resolutions, without any discussion, as discussion is unnecessary.

Mr. Underwood—

I hope I may be permitted to occupy your attention for five minutes, by a stop-watch.

The President—

The Association will hear you with pleasure.

Mr. Underwood—

The name of Abraham Lincoln would have stood as high in the annals of his country's history, and shone none the less brightly than it does now, had he performed but the one great act of his life. That act, sir, was striking off the chain of bondage from every slave who trod upon American soil.

I apprehend, sir, that among the insurance fraternity, not only in this land which we "so fondly call our own," but among those in our mother land, the names of Heald, of the Home of New York; Goodrich, of the Niagara of New York; Lampert, of the Continental of New York; Chase & Whiting, of the Hartford of Connecticut—whose communications to their respective agents I have been privileged to read, together with the names of the three-score others who have acted likewise, will stand as *honored names*, and henceforth be inscribed on the hearts of fire underwriters, for the one noble act in saying to the legislative encroachments on insurance capital: "Thus far, but farther thou shalt not go."

To-day I want there should go forth from this Association no uncertain sound as to its true position on the subject under consideration.

I remember of reading of a great event which was to occur long, long years ago—an event of which poets have penned; an event concerning which fair maidens have so sweetly sung; an event which it is said “prophets and kings desired to see, but died without the sight.”

For nearly a quarter of a century, like many others, I have longed for and patiently awaited the coming of that time when we should witness insurance capital asserting its independence and daring to call its soul its own. Thank Heaven! the eyes of the members of this Association, cast, as they have been, eastward, at last behold behind the mighty cloud which has so long obscured the vision, a dawn of light, and each asks the other: “Watchman, what of the night?” Let us thank Heaven for having lengthened out our days and for permitting us to witness the dawn of this new era.

The submission into which insurance capital has been brought by unjust legislation is simply appalling, and it is the duty of each member of this body to stand by the action of these companies, and if fall they should in a manly endeavor to secure their rights, it is equally our duty to fall with them.

Already the rebound of the infamous bill is being felt throughout New Hampshire, to the injury of those whose rights it claimed to protect. Where is the credit to-day of the citizens of that State? Mr. Jones, of Manchester, steps into the dry goods district in the city of New York, but is promptly met on the threshold with a firm declination to favor him with credit. While they are willing to trust Mr. Jones so far as capability and honesty may go, capitalists are unwilling to trust to his misfortune when the flames shall have destroyed his property and he left without the protection of insurance. Then there comes to the front Mr. Smith, from Concord, and asks a loan of Wall street, with real estate, but no insurance, for security; and he receives a similar reprove. Then a third party desires his five-year loan, now expiring, renewed; but similarly situated as to lack of insurance, he too is turned away empty, and a foreclosure on the original loan is the order of the day.

I apprehend, Mr. President, that the plagues of Egypt, or the unfortunate condition of the aged parrot under the ministrations of the juvenile monkey, were not more unbearable than the position of the citizens of the State of New Hampshire will be while the “Valued Policy Bill” shall remain in force upon their statute book.

I repeat, in closing, it should be our solemn duty to give our entire and hearty support to our companies in the struggle going on, and look hopefully forward to the future. And that success may crown the effort, let us each earnestly labor, let us each patiently wait.

Mr. J. A. Johnson, of Madison, Wis.—

I do not know as it is permissible for parties not members of the Association to speak. Hailing, as I do, from the State of Wisconsin, which has one of these laws upon its statute books, perhaps a single remark might not be inappropriate.

The President: It will be very appropriate.

Mr. Johnson—

I represent but a small company, doing business largely in Wisconsin only; very little outside of that State. But I will say that if the companies generally will take the same action which they have so heroically and so properly and justly taken in New Hampshire, our company will heartily second in the move. It is a most infamous law, and I think when the people see what it is the legislature will repeal it. But I doubt very much whether anything short of a similar action to that taken in New Hampshire will repeal the law in Wisconsin.

I should, however, favor, in view of the fact that the companies have taken no action, but have acquiesced, as it were, in an unjust, improper and rascally law thus far, that a notice be given to the next session of the legislature that unless the law is repealed the companies will withdraw.

I am very much gratified at the sentiments that have been expressed by the gentlemen in this Association. I am glad to be here. Although I do not take an active part in the insurance business, yet the sentiments which have been uttered are sound. We small companies now say: Gentlemen, you large companies, you who represent so much capital, take the lead, and we small companies will follow and support you in it.

I believe a true remedy has been suggested. Make the insured in any event bear a portion of the loss, and the remedy will come. As has been said by Mr. Fox and others here, I doubt whether it will be policy to await legislation on this subject. It must be done by the insurance companies themselves.

We have in Wisconsin what, perhaps, you have not in other States—a word which characterizes such people. We have some men up there that we call “demagogues,” and they would ordinarily jump up and oppose anything or any legislation, which, they say, is against the interests of the people and in favor of corporations, and I doubt whether we could do very much. Certainly, we could protest—and proper protests were made at the time, and able protests, too, but they paid no attention to them. Our newspapers now would, many of them, also oppose the repeal of the infamous law. I think that it remains with the companies, and with the leading companies at that, to take the initiatory steps before the remedy can be applied.



Mr. J. B. Bennett—

Certain legislation has been referred to as being the cause of trouble in New Hampshire. There has been similar legislation in two western States, where the companies did not take action. All in this Association are a unit in the belief that the action in New Hampshire was right. Now, what was the reason that there was no action taken in the other States? I think that there is one ray of hope, and that is, that we consider in the West that such legislation is to a certain extent dead-letter legislation, and being dead-letter legislation, it was thought that after a time it would pass away. That is the only way in which I can explain the inconsistency of the companies not acting promptly at first in the matter. I think the Association is a perfect unit on the resolutions that are before it for adoption, and, as I seconded Mr. Potter's motion, I call for the question.

The President—

I am sure, gentlemen, we all feel indebted for the able discussion that has been brought about on the Valued Policy Law. The motion now before the house is on the adoption of the resolutions.

Mr. W. F. Fox—

As the thought has occurred to one or two that possibly a second reading of those resolutions might not be inappropriate, I move as an amendment that the resolutions be again read by the Secretary, and each voted upon separately. We want them read by the Secretary so that we can digest them in all their fullness. It is too much to swallow them in one dose.

Mr. C. W. Potter—

I do not think there is any particular objection to Mr. Fox's amendment, but I can see no reason whatever for it. The resolutions are well drawn, well arranged, and just express the views of this convention, and I would like to see them adopted without any further delay.

The President (to Mr. Fox)—

Do you withdraw your amendment?

Mr. W. F. Fox: Yes, sir.

Mr. C. W. Potter—

I think they were fully understood by all those that were here, and those that were not here ought to understand them.

The President—

Mr. Fox having withdrawn his amendment, the vote will be taken upon Judge Potter's motion, that the resolutions offered by Mr. Underwood be now adopted by this Association.

The question being put, the resolutions were unanimously adopted.

Mr. T. H. Smith—

In the report of the Secretary and Treasurer read this morning, he called attention to the fact that some thirty-nine members on the rolls for last year have not paid their dues. As indicated in his report, I was one of the committee to audit the accounts for last year, and in going over them, I tell you there was some mighty interesting reading. Some gentlemen there who did not wish to continue longer, had done us the courtesy to send in their resignation, which is proper and right, for I suppose every man has a right to resign when he does not wish to stay. But others, with no notice whatever, have kept their names on the list, and have not paid their dues. I suggested to the Executive Committee that the Secretary be requested to read that list this morning. The Executive Committee saw fit to object, and ruled that out of order. I find to-day, however, that one of the gentlemen who was behind last year with his dues, who has not paid them, came around here this morning, and rather than to have a squabble, to save a little friction (which I do not believe was any saving), his money was accepted for this year, and the last year's dues are unpaid.

I am sick of such work, and I have got an additional By-law that I want to present, which I want referred to the committee which acts to-night. I think they have a number of amendments which they are to take action on, and on which they are to report to-morrow, and I want this to take the same course.

"It shall be the duty of the Secretary, as part of his report for each year, to read in full the names of all members who have not paid their dues for the preceding meeting, and such persons shall be ineligible to membership until all past dues are paid."

Mr. Geo. W. Hayes—

I take great pleasure in seconding that motion.

The motion to refer the amendment to the committee was carried.

The President—

As we have so large a bill of fare for this evening—I refer to the address to be delivered by Prof. C. J. Hexamer, Surveyor and Expert of the Philadelphia Fire Underwriters' Tariff Association—possibly it might be well for us to adjourn at this time. I have reason to believe, gentlemen, that this lecture will be one of the most interesting, and one of the greatest profit to you, of any ever delivered before a body of fire underwriters, and I bespeak for it your attendance. I hope that, as you may come in contact with other members of the Association, and other fire underwriters, that you will be kind enough to invite them to this meeting. When we shall have filled up the lower part of the room, which I hope

we will be successful in doing early in the evening, we will have an abundance of room left in the gallery for the overflow.

Mr. Hexamer has come to us a long distance, as you know, to treat upon a subject to which he has given very great thought, and I am sure we cannot afford to miss hearing the lecture.

Mr. R. M. Buckman—

Are the doors to be guarded, or will the admission be free?

The President—

That will be left for the action of the meeting. I would suggest that it would be proper to leave the doors open to-night; have an open house.

Mr. Buckman—

I merely asked for information, that is all.

The President—

If there are no objections to that, I would suggest that that be the order, that the doors be thrown open, and our friends and neighbors invited in.

Mr. Littlejohn—

I don't know whether it is definitely understood or not, whether the doors are open to outsiders as well as insurance people, or are we to have reserved seats for our friends who are in the insurance business? Some of the gentlemen have their wives with them, and would prefer that the seats should be kept for the insurance people, and let those who come in afterwards take what is left.

The President—

I think it would be very proper, indeed, if the auditorium were to be reserved for the underwriters and their friends, such as they may bring with them. We hope that everybody who has a wife will be good enough to bring her with him.

I would remark just at this time in reference to one omission that you may have noticed on the programme this afternoon—that of a paper by Mr. Burt, President of the Michigan State Board, on "The Compact System in Michigan." I received a telegram yesterday from Mr. Burt saying that he felt that he would not be able to reach the city to-day. I thought that I would not announce that we would not have the pleasure of hearing the paper yet, for possibly he may be present with you to-morrow; if so, we will have the paper presented.

Mr. Underwood—

I move we adjourn until a quarter before 8 this evening.

The motion was carried, and the convention took a recess to 7:45 P. M.

## EVENING SESSION.

The convention re-assembled at 7:45 p. m., President Whitlock in the chair.

Mr. C. E. Bliven offered the following resolution :

*Resolved*, That the thanks of this Association are justly due, and are hereby heartily tendered, to Mr. J. Montgomery Hare, for the able, thoughtful and very instructive address which he delivered before the Sixteenth Annual Meeting of this Association.

The resolution was adopted by a rising vote.

The President—

We have assembled this evening, ladies and gentlemen, for the express purpose of listening to a lecture by Mr. C. J. Hexamer, C. E., Surveyor and Expert of the Philadelphia Fire Underwriters' Tariff Association. I invite for him your thoughtful attention.

### FINELY DIVIDED ORGANIC SUBSTANCES AND THEIR FIRE HAZARD.

MR. PRESIDENT AND GENTLEMEN OF THE FIRE UNDERWRITERS' ASSOCIATION OF THE NORTHWEST:

An English author has said that dirt is matter out of place, and to the underwriter this definition is acceptable, as it is well known that the greatest enemy with which he has to contend is misplaced matter. It is a doubtful question, however, if we can, according to this definition, consider the dust which is created in the various processes of manufacture as dirt, as it is not really matter out of place, but a legitimate consequence of the process of manufacture, but certainly in the wrong place for the underwriter who has to pay the loss entailed through it.

The following remarks are largely based on experiments performed by myself, but it would be manifestly unjust were I not on this occasion to acknowledge the great services which Dr. Tobin and others rendered me—the former by his paper, and especially in his calling my attention to this very interesting and important subject.

If I rapidly draw my hand through the space which surrounds me I feel that there is something which resists the motion of my hand. This resistance is due to a fluid which surrounds us on all sides and which we generally term air. This gas, or more properly mixture of gases, was known to the ancients, who tried to weigh it. Aristotle filled a bladder and weighed it, and after exhausting the air from it re-weighed it, and believed he had thereby determined the weight of the atmosphere. It

was not, however, until the advent of the experimental era, after the dark ages, under Galileo and Torricelli, that its weight was determined. It was found, as you all know, to be about fifteen pounds to the square inch.

This surrounding fluid is composed of two gases, oxygen and nitrogen, not, however, chemically combined, but mixed in the proportion, in round numbers, of 79 parts of nitrogen to 21 of oxygen. Nitrogen is fourteen times heavier than hydrogen, and is a gas entirely negative in its qualities. It does not support combustion and its purpose in the air is merely to act as a diluting agent, so as to make the effects of the oxygen less violent. Oxygen performs the dual duty of supporter and destroyer in nature. It is an odorless, colorless gas, sixteen times as heavy as hydrogen. The greater part of our earth consists of this gas and its compounds. The crystalline rocks, which consist of silicates, contain from 44 to 48 % of oxygen. Water, a compound of oxygen and hydrogen, contains one part of oxygen to two parts of hydrogen.

It is this element which causes most of those phenomena which we ordinarily classify under the term "Combustion." According to the definition of the chemist, combustion is an act of chemical union, with an evolution of light and heat. But the greater number of chemical unions, producing light and heat, which we daily see going on around us, are caused by the chemical union of substances with oxygen, *i. e.*, they are oxidized, or, more popularly expressed, burnt. It matters not whether a log be placed into an oven and rapidly consumed, or slowly decomposed in the woods through the agency of old Father Time, the total amount of heat liberated will in both cases be the same.

We learn by constant experience that one substance acts more rapidly upon another the more finely it is divided. We know that substances finely divided are not only acted upon more rapidly chemically, but also mechanically, than when in bulk. If, therefore, a substance is capable of uniting with oxygen when in the crude state, it will unite with oxygen with greater avidity when in a state of fine subdivision, when the gas has a greater surface to act upon. In other words, a substance which is combustible under ordinary circumstances will become more combustible, or be consumed by combustion in much less time when finely divided than when in a crude state.

We must here understand another term, the temperature of ignition, or the ignition point. It has been found that before a substance can ignite, that is, unite with oxygen, a certain temperature must be reached. This requisite temperature is called the ignition point, or temperature of ignition. For some substances this point is exceedingly low, for others extremely high. For example, nitrogen unites with oxygen only at the most intense heat known, that of the electric spark, while zinc ethyl, and phosphoretted hydrogen unite in the air (diluted oxygen) at ordinary temperatures. As we well know, most bodies do not unite with the oxygen of

the air at ordinary temperatures to such a degree as to produce light and heat, but they must be heated for the production of active combustion. In the case of rusting metals, or decaying organic matter, oxidation goes on slowly, producing heat, which, as we have before seen, is equal in its total amount to the heat produced by the active combustion in a stove. We, therefore, distinguish between quick and slow combustion. To-night we shall deal with the former only.

Dust explosions are caused by an organic substance becoming so finely divided that it may by a spark or flame be instantaneously ignited, causing the rapid formation of gases of many hundred times the volume of the former dust, the tremendous suddenly applied pressure of which causes the phenomenal force of these explosions so frequently experienced in our flour and malt mills. This pressure is increased through the heat generated by the combustion, which causes the further expansion of the resulting gases.

Or, as F. A. Abel, C.B. F.R.S., the renowned chemist, expressed it in a lecture delivered before the royal Society in 1882: "The combustion of the finely divided particles which, under such conditions, are first inflamed at once communicate flame to those in their immediate vicinity, and combustion is thus transmitted by and through the surrounding mixture of dust and air with a rapidity regulated by the inflammability of the dust, and by the proportion and state of division in which it is distributed through the air. If a rapidly burning mixture of this kind is confined, its combustion will be attended by explosive effects, the degree of violence of which is determined by the combustibility of the dust, by the quantity of mixture ignited, and the nature of its confinement. Its behavior is indeed quite similar to that of a mixture of inflammable gas or vapor and of air; at the instant of its ignition each dust particle is, to a more or less considerable extent, converted into inflammable vapor, or is, at any rate, surrounded by an envelope of burning vapor, so that if the particles are in sufficiently close proximity to each other, the rapidly successive development of vapor from them as the flame spreads, gives rise to a condition of things very like that which obtains when an inflammable gas, or vapor, originally existing as such, is mixed with air."

Before proceeding to describe the results of my experiments with various dusts I must give a short description of the apparatus I experimented with. It consists, as you will probably see from a rough drawing on the board, of an ordinary large-sized kitchen boiler, such as are used for heating water, with its top taken off. This top may be closed by a ring, over which tissue paper has been pasted. The ring is then tightly screwed on, as shown in the figure. In the interior you will perceive three hooks, one being for the reception of a thermometer, by which the temperature of the atmosphere in the interior may be obtained before exploding the dust, and the other for a hygrometer, by which the humidity of the contained air is

determined, and on the third a receptacle containing a hygroscopic substance, such as calcium chloride, may be hung, which absorbs contained moisture. In the bottom of the apparatus a gas pipe is inserted, the jet being lighted, in order to secure greater safety, by electricity from a distance. On the upper end a funnel, with a blower, is attached, by means of which finely divided dust may be injected. That I may not be dependent on the surrounding atmosphere for the temperature and moisture of the contained air, a small boiler is in connection with the apparatus, by means of which steam may be blown into the interior, and thereby any amount of moisture produced that is desired, while the temperature may be regulated by the gas jet in the bottom.

The manner of using the apparatus is as follows: After the temperature and humidity of the enclosed air has been determined, the thermometer and hygrometer are removed. The cap with the tissue paper cover is tightly screwed on, and the dust blown in. When a short time has been allowed for the dust to mingle with the contained air the gas jet is lighted by means of electricity, and the explosion occurs.

The questions to be determined for every kind of dust are: At what degree of humidity will it cease to explode? How finely divided each kind of dust must be in order to explode; the determination of the temperature at the time of explosion, and other chemical and physical properties which influence the explosions of dust.

On blowing flour or finely divided malt-dust into the before described apparatus, the lid being screwed on and the ignition burner lit, a loud detonation would be heard, the paper capping being blown out and a long flame would shoot forth, the intensity of the detonation and the length of the flame depending on the above enumerated conditions, viz., moisture, degree of subdivision, etc.

One of the first experiments performed was to definitely settle a point, the answer to which common sense would dictate, that the amount of moisture present in the atmosphere or in the dust itself has an important influence on the causes of dust explosions, and that a certain degree of humidity for each kind of dust may be reached at which it is impossible to ignite or explode the same.

#### MALT MILLS IN BREWERIES AND MALT-HOUSES.

My experiments so far have mostly been carried on with malt dust, a department which, from its great practical importance, merited prime attention, as within the last decade fires in breweries and malt-houses have been largely caused by explosive dust fires in the mill-room. With the present arrangement of malt mills in breweries, explosions and fires of this nature are not restricted to the mill-room, but spread through the elevators and openings throughout the entire building, generally occasioning heavy losses. One of the greatest defects of the present system is that of having

the mill inside of the main brewery building. This should be placed outside. It is just as dangerous, if not more so, to have the malt mill in a brewery as it would be to have the picker of a shoddy mill in the main building. The first and cardinal change from the present system should be as follows:

The mill should be situated outside of the main brewery, in a separate building, all communicating openings between the mill house and main building being closed by automatically shutting iron-lined doors, with stone sills.

Having considered this defect we must next turn our attention to the construction of the mill room and the mill itself.

At present the malt-mill of the ordinary type consists of a cleaning apparatus (frequently for dust only), a pair of chilled iron or steel rolls, sometimes corrugated, motion being imparted to but one, the other being turned by friction. The crushed grain drops from the rolls into the elevator cups and is then carried to the grain bin, generally situated on one of the higher floors. Now, let us carefully examine this arrangement and discover its defects. The malt, after passing through even the best cleaner still contains extraneous particles of iron, but with the ordinary cleaning apparatus the grain is full of such particles as stones, iron nails, bits of wire from "self-binders and reapers," matches, and I was even informed of a case where a loaded pistol cartridge was happily detected before passing into the mill.

In case a piece of iron comes between the revolving rolls, it is apparent that a spark is readily created, which instantly inflames the finely divided dust in the mill box, causing an explosion and fire. But the explosion must find vent somewhere, so it travels up the elevator legs, being in fact sucked up by the draft in it, caused by the upward motion of the cups, acting like so many fans. A very dry dust—having lost much moisture by passing through the rolls—fills the legs and is also ignited, carrying the fire from story to story, while the elevator box, which is almost without exception of wood, is rapidly burned through, and thus an entire building may become a prey to the flames. Having considered the defects of a system which has of late caused most of our brewery fires, let us next consider how to overcome them.

The grain should be thoroughly cleaned before passing into the mill. This may be accomplished by a number of devices, the simplest being a cylindrical (or hexagonal) screen with meshes of unequal sizes. One-half contains meshes large enough to allow dust to pass, while in the other half the size of the meshes is increased so as to allow the passage of grain, retaining, however, all larger and irregularly formed foreign matter. The grain, after passing into the cylinder, is rolled about by the revolution of the



screen; the malt dust falls through the small meshes, the grain passes into the second half containing the larger meshes, where larger foreign matter is retained and shot out into a bag at the other end, while the grain falling through the meshes drops into the rolls. Many other, but more complicated processes, may be employed for this purpose, a description of which would, however, make this paper too voluminous.

The cleaner of Schwalbe & Son, which, besides cleaning, classifies the grain, is deserving of special mention. Although it has in Germany been almost exclusively employed to clean and classify the grain before malting, it would be an excellent cleaner for malt before milling, as it would be very desirable to grind malt of one size and quality (which to a great extent varies with the size) at one time, both for *setting* the mill and for better results in the "mash."

Grain should be especially well cleaned of *all* iron particles, as it is these which—by striking a spark—create most explosions and fires in malt mills. Iron can only be effectually eliminated from the grain by a *strong* magnet. A weak magnet will not answer, as the magnetic force must overcome the momentum with which the grain runs down the spout into the mill. Magnets are arranged either in the form of horse-shoes, through which the grain runs, or as a single, very strong "plate magnet." The latter method is preferable, as the number of smaller horse-shoe magnets will not have the same amount of attractive force as one *large* plate magnet.

The grain, after being well cleaned and all the remaining iron removed by the magnet, is passed into the rolls. As these are well known, I will not describe them here, but simply state that they should be gearing, *not friction rolls*. In friction rolls, motion is imparted to but one roll, the other being turned by the friction of the passing grain. In gearing rolls, to the contrary, both rolls are driven by gearing, and therefore both have their own motive power. In the first case, a piece of iron or stone coming between the rolls would cause a large amount of frictional heat, producing a spark, and perhaps an explosion. In the second case, the rolls, by the motive power which both have, would be more likely to have sufficient power to crush or flatten any extraneous particle without the production of enough frictional heat to cause an explosion. Independent belt rollers are safer than friction, but on account of the slipping of the belts not quite as safe as gearing rolls. To still lessen the chances for the creation of heat the rolls should be held together by powerful springs, strong enough to allow grain to be crushed, but separating on the entrance of some harder body, such as a piece of stone or iron. At present, most malt mills have their rolls held together by "set screws," which are arranged so as to place the rolls at any desirable distance apart. In case a hard, extraneous substance comes between the rolls, there is no "give;" the only chance of stopping the enormous friction between the hard substance and rolls will

consist in the breaking of the screws or the crushing or flattening of the substance.

The great danger in malt mills is, that in case of an explosion the explosive force and fire is not confined to the mill, but runs from the mill box into the elevator, and from there is distributed over the entire building. To check the force and fire of an explosion, we must put a barrier between the mill box and the elevator. This can best be accomplished by placing a receiving hopper below the rolls, kept well filled while the mill is in operation, and from this hopper feed into the elevator cups. We thereby have a barrier of meal between the elevator and the mill—a barrier almost as effective as one of sand. But the important point in this case will be to keep the hopper well filled, for a hopper which is not full merely acts as a conduit, and not a barrier to an explosion.

The receiving hopper and elevator should be lined, so that in case of fire the flames may be restricted to them. The lining of the elevator box should, however, not be of iron, but copper, as the elevator cups, on striking against an iron lining, might readily create a spark.

That the force of explosions may be spent without harming the building, large vent pipes, leading into the open air, should be introduced into the mill box. Iron pipes, closed on the outside by caps similar to our common stove-pipe hole caps—which, in case of an explosion, would be readily blown off—would be the most effective.

The compartment appropriated for the use of the malt mill should be well lighted, so that no artificial light may be required on the cloudiest day. Where night work is in vogue, or where artificial light is required for day work, the light should be enclosed, and *under no condition should loose candles or coal-oil lamps* be employed.

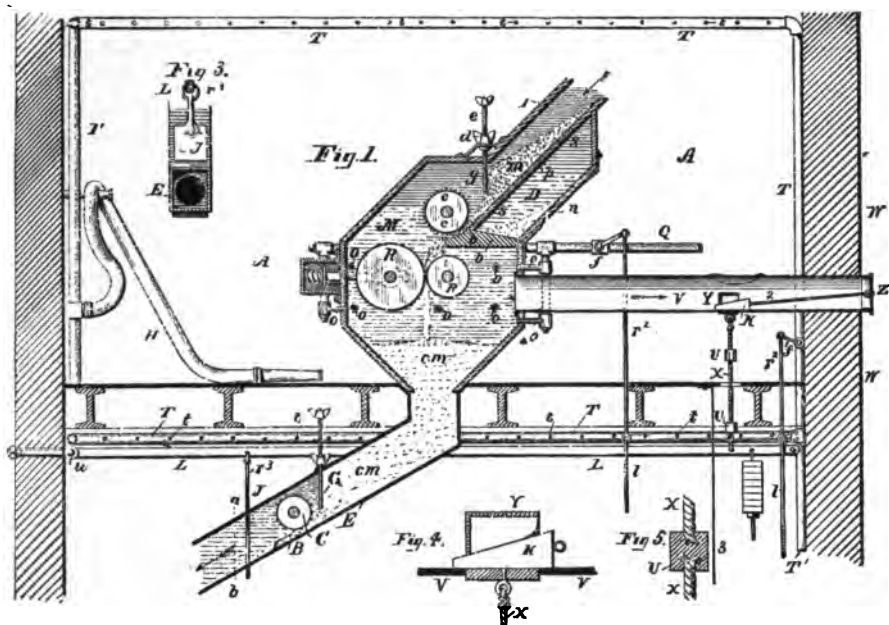
I will now proceed to describe several of my inventions, which perform most of the aforementioned necessary operations automatically. These inventions are the result of much special study, and the work of years. They had to be altered to suit the various constructions and cases which arise in practice, until they reached their present simple condition, applicable in all cases, and always working satisfactorily under the most trying circumstances. These apparatuses have been introduced in almost all the large breweries of Philadelphia, and have, since their introduction in the various breweries, saved eleven losses, and in every case extinguished the explosive fires in their infancy. In no improved brewery has there ever been a loss sufficient for a claim. I will first describe the arrangement where the malt mill is located in a separate mill house, and in which there are no side openings to the mill box.

I will ask your kind attention to Fig. 1, which represents a vertical section of the mill house; the heavily shaded sections on the extreme right and left represent the walls of the mill building; *I*, the influx pipe of the grain as it comes from the cleaners; *M*, the mill box, containing a feeding device, *g* and *c*; *R, R*, the crushing rolls; *f*, a live steam supply pipe, with openings, *o, o, o, o*, into the mill box; *E*, the exit or grain discharge pipe; *G, C*, the discharging apparatus, above which is shown a plenum of ground malt; *J*, a gate attached to the lever, *L*, by the rod *r*<sup>2</sup>; *V*, a large vent pipe, extending from the mill box through the wall to the outside of the building, closed by the capping, *Z*; *T*, a water-pipe, with sprinkler openings, *t, t*; *H*, a hose attached to the water-pipe.

Having pointed out the principal parts of the mechanism, I will now describe its method of working, and will begin with the grain as it leaves the cleaners and enters the mill box until it leaves the mill room and enters the elevator, which is situated outside of the mill room beyond the wall to the left of discharge pipe *E*, which communicates with it.

The grain from the cleaners enters the influx pipe *I*, and rolling down the pipe passes over sieve-like perforations in the pipe, causing dust and foreign particles smaller than the malt grains to drop through the small openings in the pipe into an inclosed dust chamber *n*. The grain then passes over a powerful magnet, not shown in the figure (which, however, is not a part of my invention), cleaning it of the iron and steel particles it may contain. It now enters the feeding apparatus *c, g*. The grain is then fed into the gearing rolls, *R, R*, held together by powerful springs shown on the outside (left side) of the mill box; the reasons for using these I fully explained. The crushed grain accumulates in the receiving hopper and is discharged by the discharger *C, G*.

The great danger in malt mills is, that in case of an explosion the explosive force and fire are not confined to the mill only, but run from the mill into the elevator and from there are distributed to the adjoining brewery buildings. To check the force and fire of an explosion we must put a barrier between the mill box and the elevator. This can best be accomplished by placing a receiving hopper below the rolls, kept well filled while the mill is in operation, and from this hopper feed into the elevator cups. We thereby have a barrier of meal between the elevator and the mill—a barrier almost as effective as one of sand. But the important point in this case will be to keep the hopper well filled, for a hopper which is not full merely acts as a conduit and not as a barrier to an explosion. In order that the attendant of a mill shall not be relied upon the receiving hopper should be kept filled automatically.



Figs. 1, 3, 4, 5.

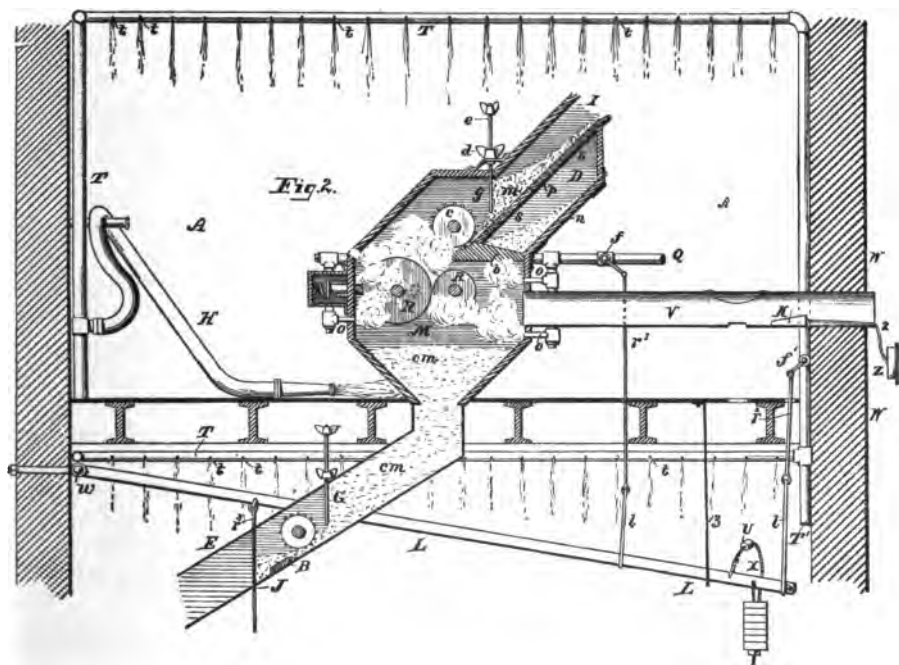


Fig. 2.

For this purpose I suggested the following device shown in the accompanying cut (Fig. 6)—a device which was not a new invention, but an adaptation of something well known for a new purpose. A “feeder” for grain mills, used for a long time in Germany, is shown in the cut, *e* and *e* being the rolls of the mill, *n, n*, being the mill box, while *G* is the spout ordinarily leading into the elevator leg, but in mills properly constructed, into a receiving hopper; *c* is a roll of wood usually covered with a covering, and teeth of steel projecting from 2 to 3 millimeters. I use a covering and teeth of copper, phosphor bronze, or some other metal which will not strike sparks; *l* is an inclined plane of metal with sieve-like perforations

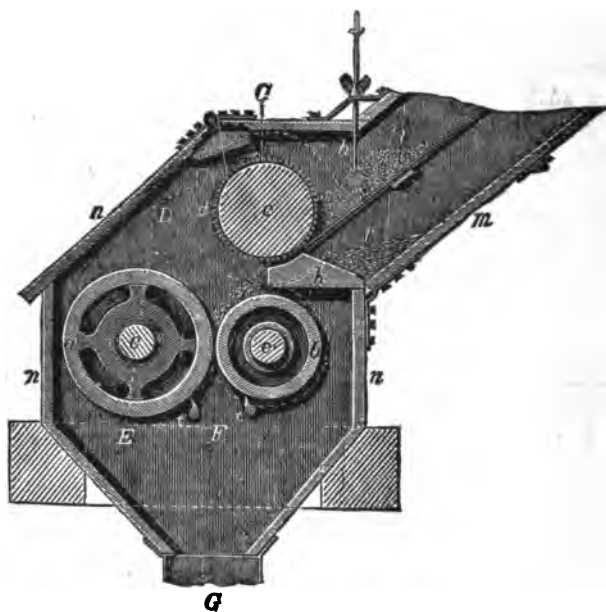


Fig. 6.

large enough to allow dust to drop through them; *h* is a gauge which regulates the flow of grain on to the feeding roll *c*; *l* is a “dust chamber,” which may be made of any size, and which may be cleaned out through the door *m*; *k* is the receiving block of wood, covered with copper, and at a distance of 1.9 millimeters from the teeth of the feeding roll. The operation of this feeder, which is a Belgian invention, and which has been used with great success in Germany, is very simple. The grain, after passing through a cleaner drops on to the incline, is there separated from any remaining dust and is then allowed to run in a thin stream—regulated by the gauge—on to the receiving block, where it is fed into the mill by the revolution of the

feeding roll. I utilize this invention, modified as above, to keep the receiving hopper at all times full. The crushed grain, instead of falling directly into the elevator cups on leaving *G*, falls into a receiving hopper, from which a pipe or incline (without perforations) leads the meal past a gauge on to a feeder as described above, from which it passes in a thin stream into the elevator. On setting up a mill the relative points for both gauges are determined, the grain feeder and the mill is set in motion, while the discharger remains at rest until the receiving hopper is filled, when it is also set in motion. This operation is performed by the erecting machinist, for after the first grinding the receiving hopper is always full, as the grain is fed in just as rapidly at the top as the meal is discharged at the bottom. The only case in which the receiving hopper becomes empty is one which would very rarely occur in a well-conducted brewery; that is, when the mill is running while no grain is on the incline. When this does occur, the above-described process must be repeated.

Having explained the ordinary working of the mill, which is contained in a strongly-built brick building, with a brick arched floor and ceiling, the discharge pipe, which passes through the brick and iron floor, being made of thick and strong iron, so as to withstand great shocks, let us consider the operation of the device under extraordinary circumstances. Let us suppose that, either by the striking of a spark or frictional heat, an explosion is caused in the mill box (explosions and fires almost invariably originate in the mill box at the rolls). The tendency of all explosions or pent-up forces is to seek the easiest means of exit, and would in this case, in all probability, pass out through the large-sized vent pipe *V* (Fig. 1), knocking out the capping *Z*. The cap *Z* consists of a hood similar, only larger in size, to the caps used in summer to close up stove-pipe holes. To this cap is attached a rod *Q*, which connects the caps with a key *x* (enlarged in Fig. 4), fitting into the slotted support *y*, which passes through an opening in the bottom of the vent pipe. The key and its slotted holder is made either of a certain variety of vulcanized rubber or of boxwood, soaked for a time in oil. The cap being knocked off the rod *Q* dislodges the key *x*; the support *y* passes through the slit in the vent pipe, and the lever *L*, supported by the rope *x*, is released and drops. The lever, which is weighted at the point of contact with the rope *x*, has its fulcrum at *w* (Fig. 1), where it is attached to the wall. In falling, the lever carries with it the rod *r*, which is connected, as shown in Fig. 1, with the cock *f* of the water supply pipe *T*, and by falling turns on the water, which rushes into the sprinklers *t*, *t*, and hose *H*. The lever *L* also carries with it the rod *r* connected with the cock *f* of the live steam supply pipe, turning on the steam which rushes into the mill box through the numerous openings *o*, *o*, *o*. At the same time a strong rod *r*, attached to an iron gate *J*, is forced down, cutting off all communication between the mill room and the elevator in the adjacent brewery. This gate, on falling, will meet with no serious

obstacles from crushed grain in the pipe at this point, as the grain is only discharged in a thin regular stream by the discharger *G, C*. The result of all this is shown in Fig. 2. The steam is rushing into the mill box; the water is turned on; the hose and sprinklers are in operation; the gate is shut, etc.

An explosion would not likely find an exit in the supply pipe *I*, as this is securely closed by the wheel *c*, the strong gauge *h* and a plenum of malt *l* (Fig. 6), while the effect of an explosion on the exit pipe *E* (Fig. 1), would be to pack the crushed malt more tightly, forming a more impenetrable barrier than before, as is the case in the well known experiment of "a funnel filled with sand."

But let us suppose that the mechanism did not work as we anticipated. Let us suppose that the capping is rusted fast; that the key sticks, or, as has been suggested, that the explosion does not this time follow out the easy path I have made for it, but knocks the strongly-built mill box to pieces, what will occur? In this case the fire will not be as readily smothered as would have been the case under the first supposition, when it would have been "nipped in the bud." But the heat in the mill room would soon rise to a considerable temperature, and on reaching 160° Fahr., would melt the fusible solder catches which join the different sections of the rope *x, x* (Fig. 5), consisting of small, extremely inflammable prepared sections held together by fusible solder catches—*v* being one of them, greatly exaggerated; the lever *L* would fall, and the mechanism would work as well as in the first case described. Let us make the very improbable supposition that the fusible catches, by some unforeseen accident, will, on this occasion, not operate. In that case the flames, which spread very rapidly throughout the finely-divided dust in the room, would soon reach the portion of the rope *x, x*, above the floor. This, which is prepared especially inflammable, would rapidly burn through, and the mechanism operates as before.

So that the building may not be flooded, and filled with steam after the fire is extinguished, there are cocks (not shown on the figure) on the supply pipes, placed below the automatic cocks, by which the water and steam may be turned off until the apparatus is repaired. That no ignorant or malevolent employé may turn these off, and thus throw out the supply of the automatic system, the lower cocks are so arranged that they cannot be turned unless the lever *L* has fallen.

Instead of steam a supply of carbonic acid gas might be turned on automatically in the same manner; but, as it would be more costly and troublesome to keep a supply of this on hand, it is preferable to use steam, especially as there must always be a supply of steam in the boiler while there is danger of an explosion or fire, that is, while the mill is running.

I must also state that the iron gate *J* (in detail in Fig. 3), has only been introduced as another factor of safety, for as long as the mill is properly

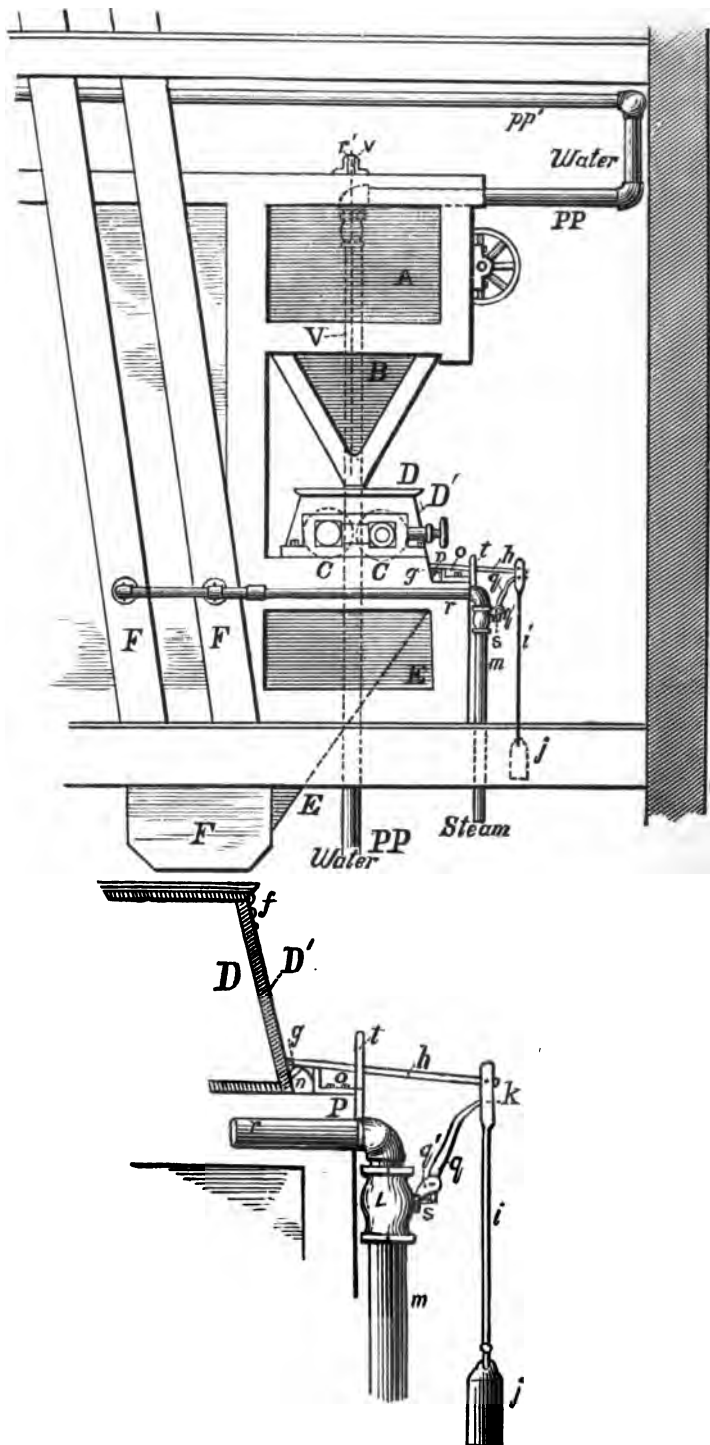
operated, that is, as long as the receiving hopper is kept full, the crushed grain will form a perfect barrier to all explosions. It is only where the mill has been carelessly allowed to run without feeding and grinding, and the hopper has thus become empty, and not being refilled at the next grinding, an occurring fire would, by the automatically closing gate, be prevented from entering the adjoining brewery building through the exit pipe *E* (Fig. 1.)

The apparatus just described can, however, only be applied in breweries having separate and distinct mill houses and specially constructed mills. But such breweries are few and far between, and something had to be devised to decrease the enormous hazard and number of losses in breweries and malt-houses as they now exist, containing the risk of a badly arranged flour mill. Most mill boxes have side openings, in the form of hinged doors, which millers require to examine the interior of the roller chamber; these are easily blown open and act as vents for explosions. Artificial vent pipes, closed by a cap and key, on which an extinguishing system would depend, would therefore be of no avail, as an explosion always takes the shortest and easiest path. The following device was therefore applied, and has saved the insurance companies writing breweries and malt-houses in Philadelphia many losses.

The mill was surrounded with iron sheathing, and the attachment, as shown in Figs. 7, 8, 9 and 10 (see pages 82, 83, 84), was made to the mill. The various parts are designated in the figures as follows, like letters designating like parts. Fig. 7 is a side elevation of an improved grain mill, Fig. 8 is a front elevation, Fig. 9 a plan and Fig. 10 an enlarged detail of the steam valve opening device.

*A* is the cleaner box of an ordinary malt or grain mill, *B* the hopper into which the grain falls from the cleaner contained in the box *A*, thence descends between the rolls *C* (shown in dotted lines in Fig. 7). The crushed grain drops into a hopper so arranged that it is always filled while grinding, as before described, and from there, through an inclined chute *E*, into the elevator leg *F*, leading to the upper stories of the building. Instead of using a vent pipe, and depending on a key and capping to be removed in case of an explosion, a part of or an entire side, *D*<sup>1</sup>, of the mill box is suspended by means of hinges *f* in the upper edge thereof, whereby, in case of an explosion within the box, the side is free to be blown open, thus providing a large vent for the heated gases, and at the same time opens the valve of the steam supply pipe, as follows: Near the lower edge of the part *D*<sup>1</sup> a trigger *h* is secured, whose outer extremity has attached to it a vertically depending rod *i*, having a weight *j*. Pivoted to the latter rod at *k* is the long arm of a lever *g*, pivoted to a lug *g*<sup>1</sup> of the valve chamber *l*, whose short arm impinges against the stud *s* of a well-known form of spring cock or valve contained within chamber *l* of the pipe *m*, leading the steam from the boiler. The horizontal trigger *h* has an offset or





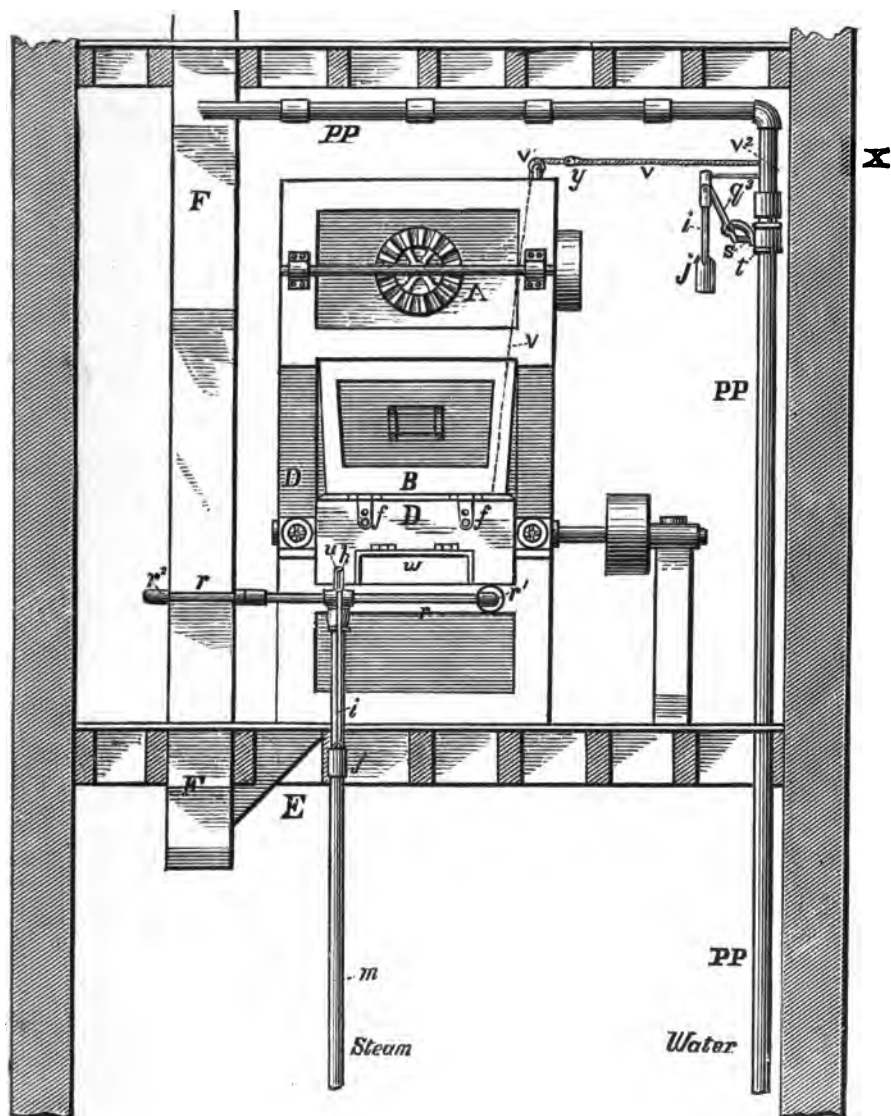


Fig. 8.



downward projection  $n$ , which bears against the face of a lug  $o$ , that is bolted to the frame-work  $P$  of the mill, shown in Fig. 7. The steam pipe has a branch  $r^1$  opening into the mill box, and pipes  $r^2$  leading into the elevator boot  $F$ .

In case of an explosion within the mill box, the side or door  $D^1$  will be blown outward, and the lug  $g$  attached to the door, bearing against the under side of the trigger  $h$ , releases the latter from the lug  $o$ , which causes the rod  $i$  to drop instantly, and the short end of the lever  $q$  is forced against the valve stud  $s$ , thereby opening the valve and allowing the steam to rush into the mill box and elevator legs.  $t$  is a standard, with an eye  $u$ , through which the trigger  $h$  passes. The object of this is to limit the throw of the trigger, in order to prevent it from striking the mill attendant, or other person who may be standing by when the explosion occurs. Formerly the standard and eye were not attached, and the miller of one of the Philadelphia breweries was knocked senseless by the throw of the trigger through an explosion, but by the time he came to the fire had been extinguished by the steam, and he only found the badly charred mill box to explain what had struck him. Such an occurrence is now, however, impossible.

$w$  (Fig. 8) is a small door, closed by a strong spring latch hinged to the movable side  $D^1$ , in order to permit the inspection of the interior of the mill box whenever desired. It is self-evident that the hinged side or door  $D^1$  is only thrown open during the first moment of explosion, but then resumes its place through the action of gravity confining the steam in the mill box.

Although the feeding hopper above the rolls will usually be filled with grain or malt, whose weight or inertia forms a barrier or resistance to the force of an explosion within the mill box in an upward direction, a means for extinguishing a fire which might accidentally find its way upwards or extend outside of the mill and elevator legs is provided.  $V$  is a rope (consisting of different sections held together by fusible solder catches), saturated with inflammable substances, whose lower extremity is fastened to the side of the hopper, near the bottom, and extending up on the inside of the hopper and cleaner chamber  $A$ , and, passing over a support or sheave  $v^1$ , thence extends horizontally, passes over another sheave or support  $v^2$ , secured to the inside of the wall or partition  $X$ , and connects with the upper end of a vertical rod  $i^1$ , bearing a weight  $j^1$ . This rod is pivoted to the long arm of a pivoted lever  $q^2$ , whose short arm bears upon the outer end of the stud  $s^1$ , of a normally closed valve with a chamber  $l^1$ , of a water supply pipe,  $PP$ . These parts are similar in their construction and operation to the parts described in connection with the steam supply pipe. With the main supply pipe,  $PP$ , are connected distributing pipes,  $pp^1$ , running along the ceiling of the apartment in which the mill box is situated. These pipes have a series of sprinkling apertures. Should

the temperature outside of the roller apartment rise above 160° Fahrenheit, the fusible solder catches will separate and cause the weight to drop and turn on the water. But should, from some unaccountable source, the solder catches not separate, the flames, in extending upward, soon sever the extremely inflammable rope  $v$ , by burning the same, the weighted rod  $i^1$  falls and the short arm of lever  $q^2$  presses against the valve rod  $s^1$ , opens the valve and the escaping water sprinkles and floods the room. This sprinkler system is desirable as it is not apt to leak, depends on one large, well-made spring valve only, and the openings will not rust shut, as there is no water or moisture contained in the pipes.

This arrangement of dividing the steam system from the sprinkler system is greatly preferred by most brewers and malsters, as most fires, and in fact all fires, with one exception, which were extinguished by this apparatus, were extinguished by the steam before the water was turned on automatically and could damage the stock contained in the building. All before-described precautions, such as magnets, etc., should, of course, also be taken.

#### FLOUR MILLS.

I will not go into a detailed description of dust explosions in flour mills, as through the excellent paper of Prof. Tobin, and by frequent personal inspection of your beautiful Northwestern flour mills, you are undoubtedly as well, if not better acquainted with them than I am, but will only show you, by means of a stereopticon slide (Fig. 11, opposite), which explains itself, how the automatic steam jet and sprinkler attachment can be made to a flour roller mill and its elevator legs. Of how much value this attachment would be in extinguishing automatically explosive fires, your experience in this class of hazards has undoubtedly taught you.

In order that a general alarm may be given when an explosion takes place in any mill box, I have placed a "contact plate" below the "trigger" of the device, so that instantly when the door is blown open the "trigger" falling, closes an electric circuit which gives an alarm.

It is not necessary for me to explain to an audience like this the proper construction of "strut boards;" to tell you that it should be inclined and smooth, so that dust cannot accumulate on it.

The introduction of automatic fire alarms, and of journal thermostats, is of great importance in mills. You see before you several such devices of the American Automatic Fire Alarm Association, and of Mr. Schaffer.

#### TEXTILE MILLS.

Let us now turn to the picker, and especially the carding room of textile mills. The hazard of a picker is largely caused by finely divided organic dust. The hazard of a card room consists chiefly in the accumulation of the particles of stock carded out, which on account of their extreme lightness fill the air of the room, and in settling cover everything with a very

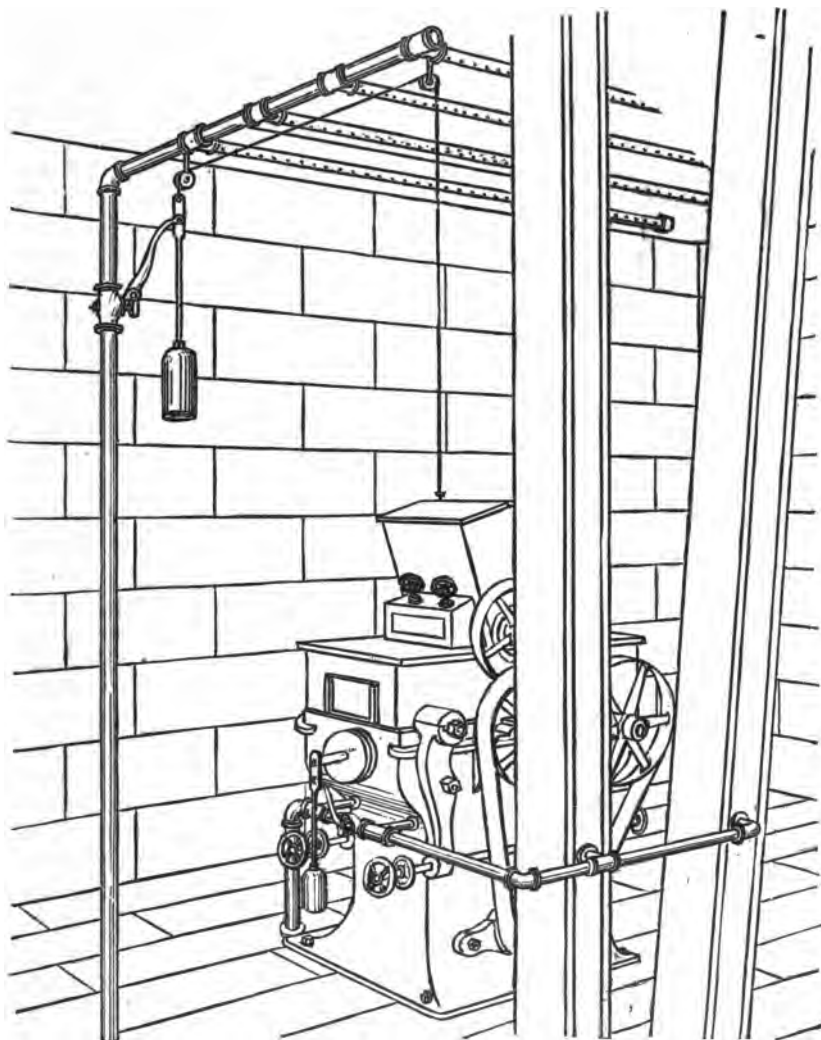


Fig. 11.

inflammable substance usually known as "fly," and which, in other words, is a fine dust of vegetable and animal fibres. A general rule is, the poorer the grade of the stock the greater the amount of fly created, hence the greater the hazard of the card room. Wool, only, when run over the cards does not create much fly. When cotton or shoddy is mixed with it the amount of fly is greater. When cotton alone, especially dyed cotton, is run over woolen cards, the accumulation of fly, and hence the danger from fire, is greatest. If we enter a carding room in which cotton is worked over open woolen cards, we find a condition of things almost analogous to those in the flour mill. We here have the entire air filled with a finely divided organic substance which, under ordinary circumstances, is even more explosive and liable to ignite than finely divided flour. The only reason that we do not have the severe explosions that we have in flour mills is that carding rooms are as a rule large, and the gases caused by the almost instantaneous ignition find means of exit without causing explosions, while in flour mills we have numerous enclosed spaces, such as smutters, mill boxes, elevator legs, etc.

We have before seen that a substance becomes the more inflammable the greater its affinity for oxygen. Thus the combustibility of a fibre increases directly with the avidity it has for the oxygen of the air. If, therefore, in the process of dyeing, the property of uniting readily with the oxygen of the air has been imparted to the fibre, the finely divided fibres, commonly called "fly," are more apt to ignite. It is for this reason that fibres dyed with certain chemicals which absorb oxygen are much more hazardous than the ordinary raw stock. Cotton, the purest form of cellulose in nature, after it is treated with chemicals required for the production of some colors, undergoes a change of state resembling gun-cotton. It is for this reason that the so-called "mixed" mills are so much more hazardous than the ordinary pure stock mills, the reason being that in mixed mills cotton and, frequently, dyed cotton, is worked over open woolen cards, creating a tremendous amount of fine, extremely combustible cotton-fly. I have brought with me a number of microscopic slides, showing the "flies" of various stocks, which I shall be glad to exhibit under the microscope to those specially interested in this department of the subject.

#### PAPER MILLS.

We next meet our foe, dust, in the paper mill. After the rags are sorted they are ready for the cutter, or the machine called "the devil," and for producing fires this machine has done full justice to its name.

The general construction of cutting machines consists of three or more knives, held fast by iron wedges, which are revolved rapidly by revolving the axles to which they are attached; the rags being fed to these knives are cut, and from there fall onto an endless band and are removed. Fre-

quently, before and after cutting, the rags are passed through the dusters, to remove the dirt and other extraneous particles.

Taking into consideration the hazards encountered in this department, we soon come to the conclusion that we have here the same risks that are found in the picker-room of the shoddy mill. The well-arranged shoddy mill has the picker mill outside of the main mill, but the paper mill, with few exceptions, has the cutting and dusting room inside of the main building. The dust issuing from the rags possesses the conditions favorable for rapid ignition: 1. It is finely divided. 2. It is in great part of organic origin; in short, it has much the same qualities as that existing in a flour mill. I believe that most fires, and the almost instantaneous spreading of the flames in cutting and dusting rooms, are caused by the ignition of the finely divided organic dust by a spark or frictional heat, and not by the ignition of the rags, the burning of these being an after occurrence. I do not wish to be misunderstood here, for rags can be ignited by sparks, and the position taken by a writer in one of our textile journals, that raw stock, not even cotton soaked in benzine, can be ignited by the sparks of a picker, and that, therefore, the supposed hazards from this source are fictitious, is entirely untenable. Had this gentleman, in his experiments, held his raw stock at the point of contact, instead of the long flame of sparks produced by grinding down a stone, his result would have been quite different. The long flame of sparks which he produced was mostly made up of so many hundreds or thousands of small pieces of glowing oxide of iron. We may view the same phenomena at the blacksmith or forging shops, where we also have the flame-like scintillations of oxide of iron, only in that case the particles are larger and can be more readily distinguished, as they are there produced by sudden pounding shocks, while in the first case they are ground to an extremely fine powder. But the experiment, as it stood, was not a fair one. We need never fear a fire from a large brickbat or large stone getting into a picker and being there ground down. The danger arises from small stones; and, secondly, most fires are produced by the striking of a spark, and not by grinding. If a small, hard stone enters a picker, and the conditions be favorable, the first steel tooth that strikes that stone may produce the fatal spark. Had the gentleman held his soaked cotton near the point of contact simultaneously on inserting the stone, he would have produced a diametrically opposed result from that obtained by him. The assertions of this gentleman are another example of forgetfulness in our present century. Had this gentleman lived a hundred years ago he would, when going to war or gunning, have ignited the powder in his barrel by exactly those means he now calls impossible, that is, by striking a piece of steel against a stone (the flint-lock); he would have lighted his pipe by exactly those means which he now defies any man to produce by experiment. We fully believe that the gentleman made his experiments and published his results in good faith, but false



statements of this nature, by producing carelessness in matters where the utmost vigilance is required, may cause the destruction of many a fine mill, and cost the insurance companies thousands of dollars. It is the duty of every true technologist to battle against them.

If the floors of the "rag-cutter house" are constructed of wood it is essential that the wooden ceilings are protected by sheet iron or asbestos concrete. The covering must, however, closely follow the outline of the ceilings, leaving no hollow spaces in which dust could accumulate. Care should be taken that the protected floors are not broken by stairway, elevator or hatchway openings; these should either be outside or in a separate stairway and elevator house, communicating with the various floors by automatic iron-lined doors.

After this brief outline of the general construction we must next turn our attention to the fire appliances necessary in this, the most hazardous building of the mill. The quickest, as well as the best way to extinguish a fire, with the least amount of damage to stock and machinery, is to what is commonly termed "smother" it; that is, depriving the flames of oxygen, thus causing their extinction. To "smother" a fire, it is necessary that the compartment in which it occurs is small. "Rag-cutting" and "dusting" houses should be built as small as possible, and if the mill be large, necessitating a capacious "cutting and dusting house," this should be subdivided by brick walls. There is but one practically successful material—as carbonic acid (gas) can hardly be said to have yet reached a sphere of practical utility—for smothering fire in limited spaces, that is, live steam; and especially in case of explosion and ignition of finely divided dust it has a most wonderful effect. In a series of experiments I found that the "extinguishing" effect of live steam, in small chambers, is almost instantaneous.

Live steam jets, distributed throughout the building are, therefore, prime requisites. These should be turned on from the boiler-room outside, or better still, automatic steam jets should be introduced. Fire buckets, though troublesome in this department, as well as stand-pipes with hose attached, should be kept ready for instant use, although persons acquainted with the rapidity with which fires in these, as in picker-houses, spread, know that with the exception of closing all openings and turning on the steam the fire cannot be fought much from the inside. For all such cases automatic means should be employed, and for this purpose automatic sprinklers are desirable.

For heating the "cutting and dusting department," steam pipes hung on iron are most preferable, but these should not be placed along the walls, as they may cause the spontaneous ignition of fatty or oily rags which might become piled against them. They should be hung from the ceiling, but low enough to allow the ready removal of the accumulated dust from time to time.

Work in this department should be suspended at close of day.

And now, last but not least, before closing with the construction of the cutter-room, where this room is located in a building detached from the main mill and the cut stock is blown through an iron tube into the mill, the cut stock should be blown into a fire-proof receptacle and not upon the floor of the main building, as in case of fire the burning stock would be blown into the mill. The receiving box should be built of brick, with a brick arch, or which is much cheaper and nearly as good, a corrugated iron roof in the form of an inverted funnel with an opening in the top closed by a thin glass or wooden capping, which, in case of fire, would soon break or burn through. Automatic steam jets should be placed in the box, so that an insignificant fire (which could not destroy the capping) might be extinguished without causing a general conflagration of the cut rags, but on reaching larger dimensions the capping would be destroyed and the inflammable contents would, without causing further damage, be burned as if out of a chimney. The communicating opening between the box and the mill should be closed by an automatic iron-lined door, while an automatic iron-lined slide should be placed above the opening of the tube of the blower, which, in case of fire on either side, would close automatically. A light iron plate at the end of the metal spout, so hung that it would be kept open by the air blast when the cutter or devil is in operation and closed by its own weight when the cutter is stopped, would be an efficient cut-off.

#### PLANING MILLS.

We also meet finely divided and dangerous dusts in the shutes and conveyors of planing mills, and severe explosions from finely divided dust in them have come to my notice. If I remember correctly, one occurred near here (at Pullman) a few years ago.

For such dangerous places as drying boxes and drying rooms, dust boxes, picker and cutter rooms, shaving vaults, etc., I have devised a simple automatic steam jet which you see on the screen (Fig. 12) before you.

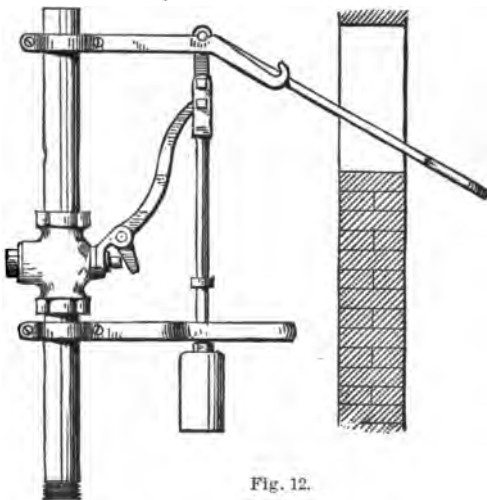


Fig. 12.

On the steam supply pipe a ring is tightly fitted, to which is attached a rod, which on its end is formed into a fork-like projection. On top of

this fork a bar is placed, to which a rod in two sections is attached. The two sections are held together by means of a fusible solder joint. The rod serves to hold in place a lever to which a weight is attached. The lever is connected with a valve. For this purpose a spring valve, constructed by the Belfield Valve Company, which will not corrode and which works easily and well in all cases, is used. To the bar which rests on the open fork a rod is attached, which passes through a small slot or pipe in the wall to the outside, and to it a convenient handle is attached. Now, let us suppose that a fire occurs in a room or dust chamber, and that, as is generally the case, the employés run out. Should one of them be cool headed enough, he would go to the outside, pull the handle, and thereby draw the bar, which rests loosely on the open fork, from the fork; the lever would drop and open the steam into the room. But let us suppose that the employé has not the proper amount of coolness, and he runs away without turning on the steam from the outside. Then the temperature will rise to 160° F., the temperature at which the fusible solder joint will melt and separate (the solder joint may be fixed for any temperature by altering the composition and proportions of the ingredients of the solder); the lever will be released as in the former case, and the steam turned on. If the fire is extinguished by turning on the steam with the handle from the outside before the solder melts, the steam may be turned off by pushing back the handle, without going to the boiler room.

This can also be employed for turning on water or any other extinguishing fluid automatically, either into pipes and hydrants, or into a perforated pipe sprinkler system.

#### CANDY FACTORIES.

In candy factories we find dust in the shape of finely divided sugar and starch. This becomes especially hazardous when mixed with chlorate of potassium in manufacturing so-called potash drops. I have before me a small pile of a mixture consisting of chlorate of potash and sugar. You will notice how it inflames and is almost instantaneously consumed when I throw a drop of sulphuric acid upon it. This causes the charring of some of the sugar through the absorption of water by the acid, the oxidation being fed by oxygen from the chlorate of potassium. It is self-evident that when finely divided in air, surrounded by oxygen on all sides, it will be still more explosive than when in bulk.

#### COAL DUST.

The influence of coal dust in mine explosions has of late received great attention in England, France and Germany.

William Galloway may be called the father of the Coal Dust Explosion Theory in Mines, although as far back as 1844 Lyell and Faraday, in a report to the Home Secretary of England on the Haswell colliery explosion, pointed out that the dust fed the flame, which originated in a fire-damp

explosion. I cannot this evening go into a detailed explanation of the various experiments which have been made in connection with dust explosions in coal mines, but will give the conclusions at which Prof. Abel, the renowned chemist, arrived, after a number of experiments which he performed.

"1. That coal dust in mines not only much promotes and extends explosions in mines, by reason of the rapid inflammability of the finely divided combustible, and of the readiness with which it becomes and remains suspended in air currents, but

"2. That it may also itself be readily brought into operation as a fiercely burning agent, which will carry flame rapidly as far as its mixture with air extends, and will operate even as an exploding agent through the medium of a proportion of fire-damp in the air of the mine, the existence of which in the absence of dust would not be attended by any danger.

"3. That dust from coal mines, quite apart from any inflammability which it may possess, can operate in a distinct manner, as a finely divided solid, in determining the ignition of mixtures of only small proportions of fire-damp and air, and consequently in developing explosive effects.

"4. That a particular dust in a mine may, therefore, be a source of danger, even though it contain only a small portion of coal or combustible matter. Although the explosion which may occur through the agency even of a non-combustible powder in the manner described, may be of very mild or feeble character in the first instance, it may be almost at once increased in magnitude and violence by coal dust which the first ignition will raise and bring into action.

"5. The proportion of fire-damp required to bring dust in a mine into operation as a rapidly burning or an exploding agent, even upon a small scale, and with the application of a small source of heat or flame, is below the smallest amount which can be detected in the air of a mine, even by the most experienced observer, with the means at present in use.

"6. With dusts of a highly sensitive or dangerous character, in the presence of a source of considerable heat and flame, such as a blown-out shot or an overcharged hole would constitute, a small proportion of fire-damp, the possible existence of which in the mine might not be in the least suspected, may serve as the inciting cause to the development of an explosion of coal dust.

"7. In air containing 2 to 2.75 % of fire-damp, and traveling with a velocity of 600 feet per minute, different coal dusts suspended in the air produced explosions. Air containing 2.75 % of fire-damp, and traveling at the same velocity, was ignited through the agency of a perfectly non-combustible powder. The same result was obtained by dust in an air current of 100 feet per minute, and containing only 1.5 % of fire-damp.

"8. In the complete absence of fire-damp coal dust exhibits some *tendency* to become inflamed when passing a very large lamp flame at a high

velocity; if exposed to the action of a large volume of flame, such as produced by the explosion of freely exposed gunpowder or guncotton, it exhibits in addition a *decided tendency* to carry or *propagate* flame. But so far as can be determined by experiments on a moderate scale, this *tendency* is of *limited* nature and very different indeed from the *property* of carrying or propagating flame, which even comparatively non-sensitive dusts possess in the presence of a very small quantity of fire-damp.

"9. It may be admitted as possible that, with the large volume of flame and the great disturbing effect of a blown-out shot as the initiatory cause of the ignition of dust and its suspension in the surrounding air, such inflammation may, in the complete absence of fire-damp, be propagated to a greater distance than the results of small experiments would warrant one in assuming. But it can scarcely be maintained that the air of a mine in which the coal gives off gas at all can be at any time free from fire-damp; and as the existence of very small and unsuspected quantities of that gas in the air of a mine may suffice to bring about the ready propagation of flame by coal dust, and thus to develop violent explosive effects, it would appear needless to assume that coal dust may, in the entire absence of fire-damp, give rise to explosions, even of only limited character, in coal mines, in order to account for casualties which cannot be ascribed to the existence of accumulations or sudden outbursts of fire-damp."

In a report of the Royal Commission on Accidents in Mines in 1881, the Commission summarized as follows:

"The propagation of fire-damp required to bring dust in a mine into operation as a rapidly burning or an exploding agent, even on a small scale and with the application of a small source of heat or flame, is below the smallest amount which can be detected in the air of a mine by the most experienced observer with the means at present in use. In air traveling at a velocity of 600 feet per minute different coal dusts suspended in the air, containing from 2 to 2.75 % of fire-damp, produce explosions. At a velocity of 100 feet per minute the same result was obtained with air containing only 1.5 % of gas, and ignitions of dust approaching explosions and extending to considerable distances were obtained with dust in air containing much smaller proportions of gas. Mixtures of fire-damp and air bordering on those which will ignite on the approach of flame were instantaneously inflamed by a lamp when they contained only a few particles of dust in suspension, and it was found that these need not be combustible, but that some perfectly non-combustible dusts possessed the property of bringing about the ignition of mixtures of air and gas by a lamp flame, which were otherwise non-inflammable."

In that report special attention was also called to the terms "explosion" and "inflammation," terms which had frequently, in former times, been treated as synonymous. An explosion was classified as any thing which caused a sudden increase in pressure in the surrounding air or gases

from sudden and violent expansions of any substance in their neighborhood, while an inflammation was defined to be the quiet production of flame unaccompanied by sudden and violent change of pressure in the surrounding gases.

One of the most complete reports was that published by a committee of the Chesterfield and Derbyshire Institute of Engineers, whose extensive and able report was published in Vol. X of their Transactions of 1882. Among their number were Prof. Freire Marreco and Mr. D. P. Morrison, who had before made extensive experiments of their own. The apparatus used by this committee was an improvement on that of Mr. William Galloway, which he had erected at Llwinpia colliery, in Wales. He had formerly used it for testing safety lamps and adapted it for coal dust experiments. Fresh air was permitted to enter one end of a box and pass out the other into an upcast shaft, a lighted lamp having been placed in the box before the coal was introduced from a hopper. In these experiments the air was charged with various amounts of coal dust, from those which were hardly visible to those which extinguished the flame of the lamp. Various coals were also experimented with.

The improved apparatus used by Prof. Marreco and Mr. D. P. Morrison was a wooden tube 82 feet in length, consisting of 12-foot sections, and 18 in. by 14 in. on the interior. It was supplied with a blowing fan, gas jet and heating coil, hopper for introducing coal dust, stands for pistols or other explosives, force and recoil indicators, a fan underneath the hopper to produce a mixture of coal dust, air and gas, and also with a hygrometer and thermometer for ascertaining the humidity and temperature. Two hundred and eleven experiments were made; thirty-one were thrown out, leaving thirty-six made with gas and dust, and one hundred and thirty-four with dust only. The air current was about three hundred feet per minute. The following shows the percentage of ignition under different conditions, with and without gas. Not one of the thirty-six ignitions without gas was produced by a single pistol shot loaded with sixty grains of powder.

	DUST—No GAS.						DUST AND GAS.		
	One pistol shot.	Two pistol shots.	Loose and compressed powder.	Explosive mixture, $H_2 + O$ .	With shots and powder.	Total dust, without gas.	Pistol shots.	Loose and compressed powder.	Total dust, with gas.
Ignitions .....	8	13	11	4	32	36	17	4	21
Non-ignitions .....	46	44	4	4	94	98	24	1	25
Totals .....	54	57	15	8	126	134	41	5	46
Percentage of ignitions .....	14.81	22.46	73.33	50.00	25.40	26.86	41.46	80.00	45.65

Mr. E. S. Hutchinson thus summarized the results of the labors of this committee:

"They were unanimous that no explosion, only ignition of dust, occurred *without* gas. Special circumstances must combine to insure ignition of dust *without* gas.

"It appears that almost any coal dust can be inflamed under specially arranged conditions, such as may never occur in a mine. The same dust is more readily inflammable under some conditions than others.

"Dust from floors and roadways of dusty mines did not inflame, but the finest and driest particles swept off props and bars, and such as had floated upward through the atmosphere and settled above screens, were found to be not less inflammable, if not more so, than pure coal dust pounded and sifted.

"In a very dry and dusty mine only is the dust flame capable of extending the effect of a small explosion of gas (by which, more likely than by any other means, it may have been itself originated, and which might be confined to one spot if there were no dust) to other gas-laden spots.

"The finest, freshest and most inflammable coal dust floating in the air current of a mine, in its ordinary working condition and free from fire-damp, could not, they believe, be ignited by the direct action of any blown-out shot, the great quantity of dust required for such an ignition being sufficient to make the current an intensely black cloud surcharged with dust.

"The dust flame that might result from the projecting of a blown-out shot flame into a deposit of dust, even though augmented by passing dust, would not continue far from its origin.

"There appears to be little if any danger of the ignition of dust from the ordinary lights of miners.

"The indications are that in a dry and dusty mine, the air current of which is charged with such a low percentage of fire-damp— $\frac{1}{2}$  to 3%—the most careful observer would fail to detect it by the ordinary safety lamp; a heavily charged blown-out shot or violent concussion might raise a cloud of dust, and at once convert the air current into an inflammable mixture.

"Generally, the experiments may be taken to show that the purer the atmosphere of a mine the greater proportion of dust required to render it inflammable, and conversely, the higher percentage of dust the less fire-damp required to bring about the same dangerous condition."

Among the various French authors who have written on the coal dust theory are Du Souich, Vital, Verpillieux, Burat, Chansselle, Desbief, Jamin, Dombre, Goupilliere and Le Chattelier; as a rule, they discredit the theory. Among the English, besides the papers mentioned, are: A paper on the Explosive Properties of Coal Dust, by Mr. Charles E. Jones; a paper by Messrs. Henry Hall and George Clarke, read before the North England

Institute of Mining Engineers, on the Mechanical Effects of Blown-out Shots in Ventilation; a paper read in 1878, by Messrs. D. P. Morrison and A. Freire Marreco, before the Chesterfield and Derbyshire Institute of Mining, Civil and Mechanical Engineers, on Results of Some Experiments on the Effect of Coal Dust in Colliery Explosions.

Lately the Prussian government has appointed a commission, which carried out a series of experiments in the coal mines near Neunkirchen, which go far to confirm Mr. Galloway's theory, the most ultra, in ascribing mine explosions largely to coal dust alone, or in conjunction with fire-damp.

The experiments of the commission were carried on near a blower of fire-damp, which is located at a depth of 131 yards below the surface, and which is capable of giving off .9 cubic feet of gas a minute. A cannon was placed at the closed end of a horizontal gallery 167 feet long, having a branch 33 feet in length, starting at a distance of 93 feet from this closed end. The branch gallery was then closed at both ends with two-inch planking, and the gun fired. In one experiment, when the gallery was free from fire-damp and coal dust, the flame caused by the shot was about 13 feet long. In another experiment, where the floor of the gallery was covered with coal dust  $\frac{1}{4}$ th of an inch in thickness for 65 feet, the shot caused a loud detonation, and the flame extended to a distance of  $88\frac{1}{2}$  feet, the inner planking of the branch gallery being broken. For the third experiment the floor of the gallery was covered with coal dust for 130 feet, the flame extended the whole length of the gallery with great velocity, and broke out at the upper end, extending 16 feet beyond the end, that is, 183 feet in all, also emerging from the branch gallery to a distance of several yards, the outer portion of this gallery being broken into small fragments. In the fourth experiment the partitions in the branch gallery were replaced, coal dust was thrown on the floor for a distance of 65 feet, and  $35\frac{1}{2}$  cubic feet of fire-damp was introduced and diffused. The firing of the shot caused a flame 190 feet long, with a report like a thunder-clap; the inner brattice of the branch gallery was destroyed and drawn several yards into the main gallery, the outer one remaining intact. The effect of the last two shots clearly indicated what an enormous force is produced when coal dust forms one of the elements of an explosion. In this manner 200 similar experiments were carried on, made with from one to seven guns, all of which sustained the coal dust theory.

#### OTHER DANGEROUS DUSTS.

We find dangerous dust in charcoal mills, in the form of finely divided carbon; in rice, spice, nitre and sulphur mills; also in phosphate works, as, for example, but a short time ago a nail caught in the grinding mill at M. L. Shoemaker & Co.'s Phosphate Works, at Venango street wharf, Philadelphia, causing an explosion of the dust. The same danger exists to a certain extent in the bark mills of tanneries; in short, everywhere where



finely divided organic dusts are produced. It would be impossible to go into the details of every case, and give the proper explanation and specific remedies, in a single evening. I have before, in treating of malt mills, described the special mode of construction of grinding mills, and all that is necessary is to carry out the precautions there explained, and introduce automatic extinguishing appliances, in order to make these departments comparatively safe.

One of your members called my attention to fires belonging to a category similar to that which occurred at Plymouth, Mass., the rapid extension of which seemed to be due to the quick combustion of a mixture of heavy smoke, or non-consumed carbon. There is no doubt, although I have made no experiments in this direction, that if, in a combustion chamber, through any process of incomplete combustion, there is a large amount of finely divided unconsumed carbon, it, on being ignited, would undoubtedly produce an instantaneous fire, and the gases and rise in temperature resulting might cause an explosion.

In all my experiments I have found that steam is by far the best means for extinguishing such fires. Automatic steam jets should, for this reason, be introduced in all dust chambers.

I have before spoken of the introduction of fire buckets. We all know that the great difficulty we have to encounter with fire buckets is *keeping them properly filled*, and even in the best managed risks we frequently find buckets empty. This is especially the case in compartments where much dust is created, and where, for this reason, buckets are protected by lids. The contents, or better, want of contents frequently, therefore, escapes the notice of the superintendent. In order to overcome empty buckets in case of fire, which are worse than none, for they only take up room, I, in conjunction with Mr. Flemming, an able electrician of Philadelphia, invented an automatic electric water alarm-rack. This is a device which sets an electric bell into operation as soon as one-quarter of the contents of a bucket evaporates, and continues to ring until the bucket is filled, while it prevents the use of buckets for other purposes than fire, as the bell is set into operation as soon as the bucket is removed from the rack and continues to ring until the bucket is replaced, properly filled. You will see, from the rack before you, that it is strong and simple. The fact that it costs no more or less than many ordinary bucket-racks should be another point in favor of its introduction.

#### LIGHTING.

And now a word for artificial lighting in places where finely divided dusts are produced. All artificial lights are dangerous in such places, although the incandescent electric system is most preferable, as the light emitting parts consist of glowing pieces of carbon, hermetically sealed inside

of a glass bulb, and if the system be properly erected, dangers from other sources need not be feared.

The proper installation of such a system I now show you by stereopticon slides. By a series of experiments made in Germany it has, however, been proved that, under extraordinary circumstances, incandescent lights can ignite finely divided organic dusts. When the bulb is broken, although the carbon filament is destroyed in an extremely short time, there is still a moment in which it burns and which may be favorable to ignite the dust.

Where gas or lard oil is used the lamps should be enclosed. But one trustworthy employé should be entrusted with the lighting of lamps, who should have the stringent order, neglect of which should cause his immediate dismissal, to clean all lamp cases of the dust accumulated on them before lighting up.

I now show you, by stereopticon slides, various methods and devices for lighting.

It would be carrying owls to Athens to tell such an audience as this that the lighter mineral oils, as naphtha, gasoline and even coal oils, except of very high test, should not be used in this department.

An ingenious as well as safe method of lighting recently introduced in the still room of one of our largest distilleries might well be applied to picker, cutter and milling rooms. The walls were perforated by several openings about a foot square, and over these, near the inner jambs, strong pieces of plate glass were securely walled into the masonry; into the remaining niches, from the outside, powerful lard oil lamps were set, behind which reflectors were placed, thus producing a strong and pleasant light in the room without the ordinary accompanying dangers of artificial lights.

The President—

The Professor would be glad to have the members make any inquiries of him relating to the subject under discussion to-night, that they may have in mind.

Mr. T. H. Smith—

There is one point I would like to have brought out a little more clearly, and that is this: The Professor spoke of driving the pins through the insulating material and forming an arc whereby these finely divided substances were ignited by an electric spark. But how is it with electric sparks in the open air? Have you made any experiment of that kind?

Prof. Hexamer—

Yes, sir; any spark, even if it be of very short duration, if the dust be very finely divided, and if the dust be dry, may be ignited. The great work that is to be accomplished is to find out in every case how finely divided a dust must be to be ignited by a spark; and secondly, how dry it

must be. Of course, the fineness we can only ascertain by taking very fine bolting cloth. The dryness we measure by extracting the humidity and thoroughly drying it, and then adding a certain amount of water until we arrive at the point when it ceases to explode. Of course, this is a tremendous field, and will be the work of a life-time to properly carry out.

Mr. Smith—

At the time Professor Tobin gave us his lecture on "Flour Dust," he had what he called his air-gun, which you, perhaps, have not seen. In using that he spoke of the electric spark. He said he never had tried it on the dust, and did not know how it would work. Now, the question is, taken in a mill run by belts, for instance, there is an amount of electricity developed by those belts and thrown off. Will that be thrown off in sufficient quantity to ignite the dust?

Prof. Hexamer—

It would. The amount of electricity that can be generated by belts is very large, and under certain circumstances really extraordinary. I have entirely filled Leyden flasks with heavy charges of electricity from belts. In William Worden & Co.'s factory—a large machine-shop in Philadelphia—it is a standing joke with the engineer to get his various friends in the factory there to smell the electricity; and to get a Leyden jar filled with electricity, of course, causes a discharge.

Mr. A. W. Spalding—

I move, before adjourning, that the thanks of this Association be extended to the gentleman who has just addressed us, and that his lecture and the illustrations appear in the Proceedings of our convention in full.

The motion was carried.

Mr. A. W. Spalding—

I move we adjourn to 9:30 A. M. to-morrow.

The motion was carried, and the convention adjourned.

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## SECOND DAY.

The convention re-assembled at 10 o'clock A. M., September 24, 1885, President Whitlock in the chair.

The President—

Before proceeding with the regular programme, we will hear from the committee that was appointed yesterday on amendments of Constitution and By-laws, of which Mr. Holman, I believe, is chairman.

REPORT OF COMMITTEE ON CONSTITUTION AND BY-LAWS.

Mr. I. W. Holman, chairman, submitted the following report:

MR. PRESIDENT: Your committee to which was referred certain amendments to Constitution and By-laws, beg to report as follows:

CONSTITUTION.

ARTICLE 3. After the words in parenthesis, add "Compact Manager, Secretary, or Local Board Commissioner."

BY-LAWS.

Add to Section 1: "Any member of this Association, in good standing, retiring from the insurance business, either temporarily or permanently, may, upon application to the Secretary, be placed upon a list to be known as Associate Members. Such associate members shall be liable for one-half the regular dues or assessments; they shall be entitled to all the privileges of active members, except that of voting and holding office.

No person shall become an associate member except as above provided.

On any associate member re-entering the insurance business, so as to be eligible to full membership, the Secretary shall mark his name off the list of associate members, and upon application transfer him to the list of active members. Persons so transferred shall not be liable for any membership fee, but shall pay the regular dues or assessments."

Add to Section 4: "And it shall be his duty, as part of his report each year, to read in full the names of all members who have not paid their dues for the preceding meeting, and which persons shall be ineligible to membership until all past dues are paid."

Add to Section 14: "The Secretary shall issue no complimentary or visitors' tickets to any one eligible to membership within the territory of the Association. He shall insert in each ticket the name of the party admitted and the member requesting the ticket, and a list of all tickets thus issued shall be kept by him."

Respectfully submitted,

I. W. HOLMAN,  
A. W. SPALDING, } Committee.  
C. W. POTTER,

Mr. Geo. W. Hayes—

I move that the report of the committee be received and adopted.

Mr. J. G. Finnie—

Before that motion is put, I should be glad to have the whole of that first section, as to who is eligible to membership, read. I do not remember just what the section is that is amended by the report.

Mr. Holman read Article III of the Constitution as it now stands, and also with the amendment added.

The motion to receive and adopt the report was carried.

Mr. J. B. Bennett, chairman of the committee on that part of the President's Address relating to Compacts and Local Boards, submitted the following report:

#### REPORT OF COMMITTEE ON COMPACTS AND LOCAL BOARDS.

CHICAGO, ILL., Sept. 24, 1885.

TO THE FIRE UNDERWRITERS' ASSOCIATION OF THE NORTHWEST:

The committee to whom was referred so much of the President's Address as relates to Compacts, find the only points referred to is a hopeful and favorable mention of the Compact plan, with the item of its expense as being questioned by some companies.

We heartily concur with the President's favorable views, and believe this subject of expenses is in good charge in the hands of the several Local Board Commissions, for they will certainly be able to treat all such minor points as facts and circumstances, from time to time, indicate to be proper.

We infer this question of expense arises now more particularly from the general unsatisfactory condition of fire insurance, with the consideration the matter of any and all expense is receiving, than of objection to the plan of Compacts itself. It must be remembered that these Compacts are of such recent introduction they have as yet only faintly demonstrated their usefulness and value, and your committee feel satisfied that with the advantages of time and the improved service the Compact Managers will be able to perform, will ultimately prove this plan to be one of very great service and value to all concerned.

Possibly, if the Managers were designated and entitled Surveyors, it would not only define but more clearly indicate the chief duty. There is something in a name, and the title of Manager may be found to be a strained one for the limited and restricted power granted to the chief local officer of the Compact plan.

The subject of Local Boards is so familiar to you all, and as the President's Address occupies so little time and space on it, we leave it with the field force, as he has, as sufficient, without further remark.

J. B. BENNETT, }  
H. CLARKSON, } *Committee.*  
WM. F. ROSS, }

Mr. D. S. Wagner—

I move that the report of the committee be received and adopted.

The motion was carried.

Mr. A. W. Spalding—

I will be prepared in about half an hour, if the meeting will entertain it, with the report of the Committee on Gathering Statistics of Fire Losses and the Experiences of Companies, upon which I spoke last night.

Mr. T. H. Smith—

I wish to make a motion that the Secretary be requested to have the Constitution and By-laws, as they now stand, printed with the report this year as an appendix thereto; that he be also requested to have 300 copies printed separately for the use of members.

The motion was carried.

Mr. W. F. Fox—

On behalf of the committee appointed to consider that part of the President's Address relative to Contingent Commissions, I would say that in fifteen minutes, if I can have a conference with my confreres, we will be ready.

Mr. D. S. Wagner—

As there are some members who probably will want to leave on the afternoon train, I move that the election of officers be made the first order of business after the intermission.

The motion was carried.

The President—

It will now be our pleasure to listen to a paper by Mr. J. G. Finnie on "The Best System of Inspection."

#### THE BEST SYSTEM OF INSPECTION.

MR. PRESIDENT AND GENTLEMEN OF THE FIRE UNDERWRITERS' ASSOCIATION OF THE NORTHWEST:

Some two or three years ago the writer was appointed by the then President of this Association as one of a committee to report upon the best system of inspection. The time given the committee in which to formulate and set forth their views was about two hours. Realizing the magnitude and importance of the subject intrusted to us, we of the committee simply reported that we were unable, in so short a time, to do it justice, even in a small way, and recommended that the matter be brought up before some future meeting of the Association for a more mature consideration. So far as the writer is informed, the question has not since then been formally discussed by us, and while we have heard from several of our older and abler members "How to Inspect a Risk," "How to Inspect a Flour Mill," and how to inspect other special kinds of hazards,

and while I do not propose to give you a repetition of those views, it is intended in this article to treat of the subject in a more general way, and if I succeed in advancing to you any ideas new or valuable in connection with this "twice-told tale," my object in again volunteering to appear before you in the role of an essayist will have been fully accomplished.

In this present day of worse than "small things" to the insurance companies—when dividends are few and light, often made from the funds accumulated in past years of profit to satisfy grumbling stockholders, and not from current returns—it has become a very serious problem how underwriting is to be preserved upon even a comparatively profitable basis. The insurance press has dealt with the problem *ad infinitum*. Officers, Managers and field men are discouraged and demoralized. All manner of expedients in the way of unions, tariff associations, State Boards and increased rates have been tried, but do not seem to remedy the constantly growing evil of disastrous losses to underwriters. Old and conservative companies, in charge of the most brilliant and experienced managements, with past records of unvarying success, seem to be fully as susceptible to the prevailing epidemic as their younger and less experienced colleagues. Surely it would seem that, with all the assistance of scientific classification collated during long years of experience, enabling them to tell to a nicety just what business has cost to carry—with the wisdom gathered during the fiery times of 1871-2, and the demoralization consequent upon the disorganization of the old National Board several years later—they should be able to master the present situation so as to entice back into the coffers of the companies the satisfactory profits of former years. Can it be that these gentlemen are losing their cunning as skillful underwriters, and that the younger generation are not supplying their places? Or, is there some occult reason why this country shows a steady increase of fires and a steady decrease of profit to the insurance companies? For several years past this state of affairs has been growing gradually worse, until the United States to-day presents the somewhat curious spectacle of a steady, healthy, rapid growth in population, wealth and prosperity, with an inverse ratio of increase of fire losses—a combination of circumstances so anomalous, when compared with that existing in the "effete monarchies" of the Old World, as to cause us to wonder for some explanation, and whether underwriting is really a science, or only speculation. Far be it from me, as a patriot, to intimate for a moment that our American talent is not of the very highest order, for the evil seems to lie elsewhere. And our fire departments are as good as any in the world, and our fire patrols (where we have them) the best—I think even our good friend of the London Fire Brigade will admit that fact now—but still the heavy losses will come. How far this discouraging situation is due to the companies themselves, and to faults in their practices, will be ably presented to you at this meeting by one of our other members, who will doubtless show you that

loose underwriting, excessive competition, jealousy and lack of good faith amongst companies, and too hasty and liberal adjustments of losses have much to do with it, and I feel so thoroughly in sympathy with the subject he has chosen, "Our Responsibility," as to regret that it debars me from touching upon it more extensively.

But as to inspections: The writer, in the last ten years, has had a rather extensive experience as a field man in the West and South, from Dakota to Florida, and has often wondered how the companies could get along with so little inspection of their business, and even that little not always good. This fact is especially noticeable in the Southern field. The only reasonable explanation I could ever see is, that too many companies neglect that kind of work entirely, and depend, virtually, on the inspection done by their larger colleagues, who are provided with full corps of field men. The latter may or may not be competent for their work, or possibly may never have inspected the particular risk submitted to the office, but very often is the office inspector satisfied as to any doubts he may have concerning a risk when the daily report or application shows, among other companies on it, such names as the *Ætna*, or *Home*, or *Hartford*, or others of the big ones. "If the *Ætna* and *Home* can carry it, we can," is probably his thought, and so the risk is passed and forgotten until the loss report comes in, when it often transpires either that it has never been inspected at all, or that the work has been done carelessly by an incompetent man. This illustration applies particularly to special hazards, and concerning them we have much to learn from the better class of mutual companies, who will accept a line on nothing which their inspectors have not already seen, and such inspectors are selected as being experts on that particular class of hazard. I can not better illustrate how sometimes a company is deceived by a well-worded report from a Special Agent who has, possibly, done his work carelessly or ignorantly, than to relate the experience of a certain gentleman who, after serving some years as a successful Local Agent, was engaged by one of his leading companies as a Special Agent. On one of his first trips he had occasion to inspect their business in one of the smaller towns in this State. After looking over the risks in force he, pursuant to instructions, also inspected all the special hazards in the place. Amongst these was a certain flour mill which impressed him favorably, and on his arrival at the next town, in making up his report to the Manager in Chicago, he spoke of the risk as one of the best he had ever seen—recommending a full line of \$5,000 on it. His route caused him to double back on the same road, and the next day in passing by the site of the flour mill he beheld it in ashes. With a keen eye to making a brilliant reputation, Mr. Special rushes into the postal car, bribes the clerk to give him back his letter to the Manager, and at his next stopping point amends his report so as to condemn the late mill as dirty, badly crowded, under poor management, etc.,



and concluded by a recommendation that the risk be declined if sent in, as its burning was only a matter of short time. With such facts before him, how could the Manager think otherwise than that he had secured a jewel of a field man, and congratulate him accordingly on his good judgment and devotion to the company's interests! As this experience was related to me by the hero of the exploit himself, I have no reason to doubt its authenticity.

Again, many of you may never have heard of that other representative of one of the old-line conservative American companies in a certain city in the far South. Arriving at the agency, he was beguiled by some old friends into going off on a marine picnic down the bay, where, under the influence of the sociability and conviviality so pleasant in that section of country, he spent a week without returning to town. At the expiration of that time, "a little disfigured," but anxious to make some showing to his company for the time lost, he called on his agents, who, in their friendly desire to help him out of the difficulty, suggested that he take up the agency, and cancel all pending business. This was done, an elaborate report on the undesirability of the town, from an underwriting standpoint, mailed to the company, and in about six weeks the place burned, saving them some \$30,000 in losses. A trip to the home office, a banquet, congratulations, increase of salary, and a handsome testimonial in shape of a gold watch and chain, suitably inscribed, followed. It took several years for the reputation earned by this brilliant achievement to wear away, and the company to learn that the inspection of business through "glasses," ten miles from the agency, might sometimes prove a happy idea, but not always. I give these two illustrations of insurance charlatanism, not as a reflection on the honest work and ability of the field force, of which I have been a member and admirer for a number of years, but only to show how easily a fleeting reputation is made by a fortunate accident, and that there is a certain element of luck in underwriting which no amount of science can temporarily overcome.

That the present unsatisfactory state of underwriting in this country is due to inferior building, over-insurance, and the general looseness of practice arising from excessive competition amongst the companies can not, I think, be doubted, but to find the remedy is a difficult problem. My opinion is that the insurance companies have it in their power to do away, to a great extent, with these evils. The competition feature hardly comes within the province of this article, but it is with the first two points that I would have them deal. Had we in this country the excellent government regulations in force with most of the kingdoms of the Old World, as to building and over-insurance, we would probably never have reached the present crisis. But under our great and glorious republic government intervention about such matters is not to be expected for a moment. The average American citizen would rather see the millions of dollars taken annually

from our wealth by fire waste increased tenfold than submit to the indignity of any sort of government supervision over his business affairs. This feeling on the part of insurers, with a conviction, growing year by year, that insurance money is the easiest to collect—that books are easily manipulated to show excessive losses—that the companies seldom, if ever, see their risks, and then only superficially, is doubtless a primary cause leading to the number of fires from “unknown origin” with which Adjusters have to deal daily. It therefore remains for the insurance companies to take hold of the matter with a strong hand and united action.

The plan I would suggest for accomplishing the desirable end of diminishing the evils of over-insurance, inferior building, and carelessness, criminal or otherwise, by owners or tenants, is by means of Bureaus of Inspection, to be controlled and managed by the companies. All of you appreciate the excellent work done by the periodical inspections made in this city by the fire department and patrol, and it is that system which should be introduced, as far as possible, throughout the country. Locate the central offices at the various headquarters of the different insurance organizations now in existence, with sub-offices at such points as may seem desirable, giving them such territory as they can properly handle. Let proper men be employed, clothed with full authority to inspect every risk in their field from top to bottom, and have it done frequently. Let them, if necessary, inspect the books of each Local Agent, ascertaining the insurance carried by any or every risk in the town, and if any indications of carelessness, over-insurance or fraud are discovered, let the Inspector have the requisite authority to have such evils remedied at once, or the policies all canceled. For the inspection of special hazards I would only employ such men as are experts upon the particular class of risks entrusted to their charge, benefitting by the favorable experience of the mutuals. And for the promulgation of all these surveys and reports, proper arrangements should be made to lay them promptly before all the companies.

In favor of my plan, I would advance:

*First.* Even with the larger companies, having full corps of Special Agents, the inspection of any one agency can hardly be accomplished oftener than twice a year, while a great majority of the companies get reports much less frequently; some never at all. Under the bureau system proposed, thorough inspection reports can be laid before all the companies at regular intervals, and their attention called to anything wrong, thus giving the smaller companies the benefit of accurate knowledge of their risks, such as they never get now, nor can they get it from their office inspectors.

*Second.* The inspection would be full and impartial, and give the companies not only a clear idea of their own risks, but of all those adjacent and exposing. For instance, should the Special Agent for Company A visit a certain agency to look over their business, granting that he is thoroughly competent and makes a proper report on the risks carried by that

company, he does not know and can not tell the amount of insurance carried by, or the moral hazard of, the risk adjoining, say in an omnibus block or frame range. True, he can, and doubtless does, ascertain all vital particulars as to his own business, but he has no means of knowing the amount of insurance carried by, financial standing and reputation of the next-door neighbor, insured in Company B, in another agency. It would be the duty of the Bureau Inspector to lay before all the companies any objectionable features, physical or moral, connected with the risks carried by Company B, as well as by Company A. In addition to this, his reports would be strictly impartial. Being connected with no particular company or agency, he would be necessarily free from the bias which so often influences Special Agents to pass risks because the Local Agent is a good fellow and has treated him nicely, or does his company a good business, which he does not wish to prejudice by a too close supervision or too stringent orders as to cancellations. I think there are but few of us field men who have not, more than once, waived our first impressions under such influences, and I am sure that the office men will sometimes pass a risk, not on its merits, but because the agent is sending in a large volume of premiums and insists on the risk being carried. Some of the larger companies have already, to a limited extent, adopted this plan of independent supervision apart from their regular field force, and I know of one or two of them whose practice is to send an Inspector from the home office at intervals to report on the fire departments, water supply, and general physical hazard of their larger agencies, such inspections being made without reference to or consultation with Local Agents.

*Third.* For the inspection of special hazards, by all means have experts upon such particular lines as will justify it. For flour mills, a flour mill expert; for saw mills, a saw mill expert; for cotton mills, an expert in that line; and so on through the list. That a man of average intelligence, making a specialty of inspecting certain lines of risks, is better qualified to judge of their merits than one who has every variety to inspect, can not be doubted; and this rule stands good as well to the office as to the field force, for the Inspector needs to be unusually gifted who can judge equally well of a flour mill in Minnesota and a phosphate fertilizer works in South Carolina; a saw mill in Michigan or Wisconsin, and a cotton-seed oil mill in Georgia; or a cotton mill in New England, and a sugar mill, or cotton-gin, or rice mill in Louisiana. Special hazards should be gone through and inspected regularly and often, and reports made on them to all the companies. Especial attention should be given that all requirements as to lights, oil, waste, clear space, etc., are observed by the insured. Only within the last week or two the writer has been on a loss upon a saw and planing mill, where all the policies on lumber contained the 100 feet clear space clause. After the fire occurred it was discovered that the guaranty had been entirely ignored and lumber piled within forty feet of the mill,

and consequently burned, when the extra sixty feet would doubtless have saved it, entailing a loss on the companies of some \$20,000. Of course, the policies were technically voided, and the companies interested will probably contest the claim on that ground, but the litigation will be tedious and uncertain, and had it not been for a favorable combination of time and wind, a large amount of other property would have burned, and with it all evidences as to the violation of the guaranty. No doubt the Local Agents knew of this violation, but it is hard now-a-days to find such a *rara avis* as a Local Agent who will risk the chance of a controversy with a profitable customer, paying large premiums annually, for the sake of saving the companies a few thousands of dollars. I do not doubt but that nearly or all of the saw and planing mills in that town, as well as others, are ignoring their space guaranty and piling lumber where they please, and the companies carrying their risks are ignorant of the fact. A live, fearless Inspector, employed by all the companies, and independent of Local Agents and influence, and of assured alike, would lay such facts before them and have the proper remedy applied at once.

*Fourth.* The moral influence of such thorough and independent inspection would be inestimable. As I have said before, the idea seems to be growing among insurers that insurance money is the easiest of all to collect, and that they can violate guarantees and conditions of policies with impunity, and this growth of public opinion is not surprising in view of the eagerness with which many Adjusters hasten the settlement of losses to gain the prestige of prompt payment for their companies, and the general lack of backbone on the part of Local Agents where any big, profitable customer is concerned. This much is the outgrowth of the present reckless competition and the fault, largely, of the companies. To remedy this state of affairs the insuring public must be taught that the insurance companies have some rights which the public are bound to respect, and I know of no more forcible way of impressing them with that idea than for the companies to take hold of and perfect some such system of inspection as I have suggested. Sharp, shrewd business men are not slow in learning how much jealousy, and discord, and reckless forcing of business exists among us, and that they can, as a rule, manipulate Local Agents *ad libitum*. The Local Agent is human and loves his commissions, which are his livelihood. Insurance capital is regarded as a kind of public fund, claims upon which, no matter the character or amount, are legitimate, and I believe the time has come when the companies, like that historical jury of "sporting" men, "must stick together" and do away with this state of affairs.

That the scheme I have proposed will be regarded by many of you as "Utopian" and impracticable, I do not doubt, but I believe it to be one important move towards stopping the constant increase in our loss ratios. High rates have proved unavailing, for the average percentage is greater than years ago, when losses were lighter and profits greater. The expense

would be large and the labor of perfecting the details of the work, which I have set forth only in the rough, would be greater; but serious maladies require heroic treatment, and I believe the expense and labor would be repaid tenfold by the results. The plan does not involve abolishing the regular field force of such companies as have sufficient business to justify their employing such, for their Special Agents would still be as valuable in carrying out their peculiar views as to lines and hazards, cultivating agents, and looking after their general interests as before; but even that expense would be materially lessened. To carry on the work intelligently and successfully would necessarily require a high order of talent, both as to the managers of the bureaus and the inspectors, but if one-tenth part of the losses which occur from careless over-insurance and violations of guarantees, which might easily be prevented by proper supervision, is saved to the companies, the money will have been excellently well spent.

As I have said before, my aim has been only to give a brief outline of the plan proposed, for to perfect the details would require much time and thought, and they could hardly be covered in a paper of suitable length; but I respectfully submit it to the companies, not claiming that it is either new or original, but as coming nearer the remedy for the evils of to-day than any other plan which has been proposed, and I believe the present crisis justifies the companies in considering it seriously. If there is any grave obstacle in the way it will be from the lack of coöperation which past experience has taught us to expect from many companies who, with due respect to them, seem often to prefer a steady annual loss on business to accepting the suggestions of or coöperating with their colleagues for the general good, illustrating but too truly the fact that the profession of underwriting is like those of law and medicine—one in which it is hard to gauge accurately any man's exact ability for lack of a proper standard by which to compare, and one in which every member seems to have the idea buried away down in his "true inwardness" that he knows just a little more about it than his neighbors.

The Secretary read the following telegrams and letter:

NASHVILLE, TENN., Sept. 23, 1885.

To J. C. GRIFFITHS, *Secretary*:

Am delayed here on losses, and am unable to attend the Association meeting. Hope you are having a pleasant session. Please renew my membership.

P. S. CAMPBELL,

*Adjuster.*

CINCINNATI, OHIO, Sept. 23, 1885.

To J. L. WHITLOCK, *President*:

At the last moment I find I cannot go to the meeting. Will send my paper.

J. PEETREY.

ADIRONDACK LODGE, Sept. 11, 1885.

To J. L. WHITLOCK, *President*:

*Dear Sir*: It is with much regret that I am compelled to ask you to release me from my promise to speak on "Contingent Commissions to Agents" at the approaching meeting of the Northwestern Association. I am here in the mountains seeking health, and I shall not reach New York until the end of next week, when I shall have been absent from business seven weeks, and it will be impossible to leave again in time to be in Chicago for your meeting. I had arranged some thoughts for the occasion without committing them to paper, however, and would have been much pleased had I been able to be with you. The loss I consider mine, not yours. I trust that you will have the subject discussed by some one more able to do it justice. I have suggested to Mr. Townsend to have Mr. Moore present it, which would be very desirable.

Wishing your Association a pleasant and profitable meeting, and again thanking you for personal favors,

I am, very truly yours,

P. NOTMAN.

The President—

Major J. L. McCluer, General Manager of the Compact System in a number of States, will now enlighten us on that system, the subject being: "The Compact System: Its Value to the Public and to Insurance Companies."

Mr. J. L. McCluer—

In the paper which I shall read, I have considered the subject of my theme in a general and brief manner. Whatever, therefore, it may lack in intrinsic merit, I trust, on account of its brevity, that it may be favorably received.

## THE COMPACT SYSTEM:

*Its Value to the Public and Insurance Companies.*

MR. PRESIDENT AND GENTLEMEN OF THE FIRE UNDERWRITERS' ASSOCIATION OF THE NORTHWEST:

In discussing this question, it will be necessary to trace the origin and reason of the introduction of the Compact System. In the early days, when there were but few companies in the agency business, great care was observed in the selection of agents. The rule was, to try and secure the very best business man that could be obtained—one that commanded and deserved the respect of the community in which he lived. The agent was considered an integral part of the company. He was educated to believe that he was vitally interested in its welfare; therefore, was scrupulously careful in obeying instructions, and exceedingly watchful in the selection of risks. He was in close and direct correspondence with the company, feeling an honorable pride in being its representative. He was always

anxious to secure proper and adequate rates. His efforts were always honestly in behalf of the interests of his company.

The community, having full confidence in him, yielded to his judgment in the matter of rates, feeling secure and safe with a policy received from him, which was paid for on delivery, with the correct idea that they were being favored by the company in securing its protection, and did not feel that they were doing the company a great honor to take the policy, but, on the other hand, were gratified and honored to secure its protection upon the payment of the premium.

These were the halcyon days of the Agency System, now gone glimmering in the shadowy past. As the Agency System extended, and companies multiplied, competition was quickened. Then came the necessity for the Special Agent, whose duty was to educate and advise the new appointee and aid him in soliciting business.

The Special of former times was selected on account of his eminent fitness. He went forth with genuine pride in his calling, regarding himself as a member of a reputable fraternity, bearing with him the honor and integrity of his superiors. He was far removed from all sharp practices; would scorn a contemptible action; was faithful to his trust; abhorring a falsehood; manly, honest and true. These were the days when care and caution were used in the selection of Special Agents. The Jeffersonian test: "Is he honest, worthy and qualified?" was applied. This manner of selecting a Special is now but a memory. Instead, the qualifications most generally thought of by many companies are: "Is he sharp, tricky and cheap, and is he possessed of many of the attributes which appertained to the celebrated law firm of Quirk, Gammon & Snap?" As the Agency System increased, and the army of Specials came marching through the land, they soon routed the honest and faithful agent by their criticism of his business and assumption of authority, taking from the Local Agent all idea of responsibility to the company, and we have, in the place of the honest, prudent agent, the "Commission Agent," whose only idea of the business is to secure the profit for himself, recommending undesirable risks, believing it to be a sharp trick to get a bad risk "*to stick*."

Unfortunately, in the judgment of many in our profession, the acme of perfection is success, regardless of the manner or means by which it is achieved.

The multiplicity of companies, the manufacture of Specials by the wholesale, and the inordinate greed for business by companies, Specials and Locals brought about a regular "Pandora's box." The cormorant companies, "Quirk, Gammon & Snap" Specials, and the grasping Locals became numerous, greedy, tricky and unscrupulous. From this state of affairs the necessity of organization for the purpose of getting back again to something like fair practices was apparent, and the National Board System was inaugurated. Many of the evils were weeded out, but still

the army is infested with many traitors in the ranks, and will be so infested until the day when the Great Conflagration shall end all, and the Supreme Adjuster makes up the final proofs.

The National Board System took all authority from Local Agents. Rates were made by a corps of so-called experts, approved and promulgated from a headcenter. Too many rules, too much red tape, too much delay in correcting bad practices, broke down this system. Then companies went wild in transferring all authority to Local Agents to make rates, and ye Local was a very "demi-god"—for awhile—but he had been spoiled by too much cajolery, and was not worthy of the high trust reposed in him.

With but few exceptions, the system of Local Board rating by Local Agents had to be abandoned, except in name. Then came the State Board organizations and the Compact System, trying to avoid the shoals and quicksands on which the Insurance Barque had all but foundered. The Compact System is the last effort to secure safe and profitable conduct of the business. It is now on trial and it remains to be seen what will be the end. So far it appears to be the ark of safety in the flood of demoralization. It is, however, as yet in its infancy, and is in danger of being smothered in its swaddling clothes, on account of the unbridled eagerness and enthusiasm of its supporters, and the unwise and injudicious antagonism of its opponents. It had its origin in probably the most turbulent and unruly of Local Boards, but we trust it may, like its wonderful birthplace, continue to grow and increase until it becomes the glory and pride of the country.

The Compact System is

BENEFICIAL TO THE COMPANIES,

in that it secures adequate and fair rates, binds the agents to a faithful performance of obligations, destroys in a measure the baneful effects of the dishonest and "Commission Agent," and eliminates many dangerous elements from the insurance business by a careful examination of risks, inducing property owners to make improvements for the better protection of their property, thereby destroying the causes of many accidental fires.

The Compact Manager is the most valuable man in the community in which he lives, so far as protection from fires is concerned. If he is faithful to his duties, he is constantly on the alert, on the lookout for danger. It is in his power to prevent much loss to companies and community. It is his business to be watchful of all dangers, calling the attention of the insured to defects and dangers, and advising companies of facts which agents, in anxiety for commissions, fail to give notice. The Manager sees where risks can be improved and calls the owner's attention to it. He has it in his power to aid largely in stopping the fire-waste, and it should be his duty, whenever he sees danger from carelessness or any other cause, to notify insured and have it corrected; if not attended to, call the companies' attention and have insurance canceled before too late.



Compact Managers should be instructed that it is their duty to look out for all dangers from fires when making rates, and to promptly notify companies, when making report of risks passing through their offices, of any danger of which they may have knowledge, that the agent, in the desire for commission, overlooks. In my judgment, this is one of the most important duties to be observed by Managers, but it does not have the proper consideration, as the Managers are timid and do not like to interfere with Local Agents' business, frequently passing risks where a word of caution to companies would save them much loss. The system being new, the Managers are not yet fully educated to the responsibility of their duties in this direction. They are having a triangular warfare all the time, being assailed by companies, agents and insured, when, in truth, they are the best friends of all—of the company, in securing fair and adequate rates, and protecting from danger by promptly reporting facts which come under his observation; of the honest agent, in aiding in the faithful discharge of his duties and standing between him and the insured on the question of rates; of the insured, in advising and instructing how to improve his risk so as to secure the lowest rate and safe protection from fire. And yet, notwithstanding these facts, he is the target for volleys of sharp criticisms from the companies; the Job who must bear all the abuse of the agent for loss of business, and is expected to be patient under the bulldozing and unfair accusations of the insured. In a word, a man, to be a successful Compact Manager, should have bravery similar to David, wisdom like unto Solomon, firmness as uncompromising as Joseph, meekness of the quality of Moses, and patience equal to the forbearance of Job.

The Compact System has been greatly injured by a want of confidence on the part of companies, and the desire to avoid the expense of securing competent men. First-class men should be employed for the positions, and they should be given sufficient jurisdiction to justify the payment of competent salaries. Unless these two requisites are made, it will not give satisfaction, but will certainly prove a lame and halting affair, full of disappointments and failures. With the large number of companies in the field competing for business, the great number of careless and incompetent agents, and the prevalent disposition to beat an insurance company, the Compact System is now about the only protection offered. It is the best means to secure adequate rates and the proper conduct of the business as against the greed of agents and the carelessness of the people. The necessity for some system to meet these evils is apparent. If representatives of companies were selected having a due and proper conception of their appointments and the duties devolving upon them, built upon a foundation of honesty and integrity to companies and insured, there would be no necessity for the Compact System; but, in the present scramble for the "almighty dollar," and the demoralized condition of the insurance business, caused by the multiplicity of companies and the carelessness in the

selection of agents, the Compact System, or something of the same nature, *is a necessity.*

#### THE BENEFITS TO A COMMUNITY

under the management of a competent Compact Manager are many and various. Under the present system the Compact Manager has been held mainly down to the question of rates and the supervision of agents' business; but he should occupy also an important place in the community, and have its respect and confidence. He would have this confidence more completely if his position was more fully understood. On account of misrepresentations by agents who are not members of a compact, he is regarded by many as simply the agent of the companies to secure high rates—a sort of "pooling commissioner," the representative of a monopoly. This idea has been very generally propagated by those who oppose the system, but when it is understood that the duties of the Compact Manager are of such a nature as to secure fair treatment to insured and companies, by making a uniform rating, giving credit for all improvements, charging for all deficiencies, guaranteeing to the owner of a good risk a low rate, in accordance with the improvements, and to a bad risk a rate adequate to the hazard, general satisfaction is given and the system approved and endorsed. An intelligent Manager is capable of instructing the community on various hazards, and making suggestions at time of building, or afterwards, which will save much loss and damage. He is a protection to the careful man as against the carelessness of neighbors, by the enforcement of fire regulations and protection, of which he is well advised, and which is his constant study. The competent Manager is ever on the watch for danger from fire, and it is one of his most important duties to call the attention of the owners of property and the authorities to any dangers which may come under his notice. His duty to the companies requires this, and this duty to the companies is a direct benefit to the community also.

Danger from bad construction of buildings, carelessness of tenants, accumulation of rubbish, and the thousand and one incendiary causes are noticed by many, but passed over and forgotten until the fire-fiend runs rampant. "What is everybody's business is nobody's business." The Manager, in making rates and examining buildings, sees these dangers, his mind being occupied in this direction. When he finds these lurking incendiaries he has them removed; he is, therefore, on this account, an immense advantage to the community, for he is aiding all the time in checking loss by fire, by having dangers removed and guarding against their introduction.

If communities in which compacts were organized more fully understood that the Compact Manager's duties were a means of protection to them, and that he was not merely a machine to secure high rates, as many of them have been led to believe by agents outside of the compact organization, then would the system work more satisfactorily, but with agents

misrepresenting Managers' motives and actions, together with the lukewarm, dishonest Compact Agents, it is no wonder a feeling of distrust is kept up in the community. It is a matter of surprise that some companies of fair reputation should place their agencies in the hands of agents whose sole reliance in securing risks is to cut under fair and established rates, and who care for nothing but the commission; by the selection of such representatives, either local or special, they are encouraging unfair and dishonest practices, and educating cowardly, skulking, unscrupulous, cut-throat guerrillas.

It is a matter of surprise, therefore, that where a compact or well conducted Local Board is organized, that any company having a due regard for the conduct of its business should allow its agent to be outside a moment, engaging in a guerrilla warfare for profit to himself and death to the company. I am satisfied that if the Compact System could be more fully understood that no company would wish to operate outside of its benefits, and that if the community could be educated to the full meaning of the system and the protection it affords, they would not wish to be without it. Great care, however, should be observed in deciding on the location of a compact, and wise discernment in the selection of the Manager. Agents of companies outside of compacts must have some excuse for their position, and, hence, are largely responsible for the misrepresentations as regards compacts and the prejudice that sometimes exists. It is necessary in all important insurance centers that some authority should control the rates, and that the question of their adequacy or fairness should not be left to each individual agent, for, while some agents may be competent and desire to be fair both to companies and insured, others are only guided by the amount of commission in sight, and are unfair to both. The Compact Manager stands as the umpire between companies, agents and insured. It is to his interest, as well as his duty, to be just, conscientious and impartial to all parties. With competent men as Managers there is no system that has ever yet been inaugurated, when fully and thoroughly understood, that will give more satisfaction to companies, agents and communities, when organized and located with judgment and proper discernment.

Mr. A. W. Spalding—

The Compact System originated in an effort on the part of certain Special Agents having jurisdiction in Missouri, to compel the agents of Kansas City to regard the rates and rules of the Local Board. That was the original compact, and Major McCluer was the original man who was thought capable of carrying that compact into effect. From that has sprung the entire system of compacts, and what we call "Stamping Committees," or Managers, throughout the entire West. If the companies and the Managers act in good faith in obtaining the Local Board rates on risks, there is no possibility under that system of any Local Agent violating the Local

Board rules or compacts. It has become so efficient and favorable that the principle that was then inaugurated at Kansas City has inspired the Local Board or Compact System of St. Louis, and that which has recently been adopted in Chicago. It is so perfect in its workings that a broker cannot receive over 10 % commission for business in the city or within the jurisdiction of that compact, and the Local Agent receives only 15 % from his company, if the companies are true in auditing the agent's accounts. I think it is the finest and most perfect solution of the principle of compelling the public to pay the rates that the companies judge are adequate for carrying any given hazard, and so rapidly is its influence being felt that we have almost approximated in our rates the old National Board tariffs.

I move that the thanks of this Association be given to Major McCluer. I would be very glad if the Union would place him in charge of all the compacts of this country.

The President—

It is moved and seconded that the thanks of this Association be extended to Major McCluer for his most excellent paper on the subject of Compacts.

The motion was carried.

Mr. C. W. Potter—

The Compact question, as that is the most important subject before the underwriters at present, is now being agitated by the different Managers and companies, and probably will be for the next year. I regard the address delivered by Mr. McCluer as very important. While he does not give the Local Agent quite as much "taffy" as our worthy President and some others, it is full of facts, and facts that should be brought to the notice and attention of every Manager of every company in existence. And, sir, that that may be done more readily, I would move that, in addition to being printed in the Proceedings, 500 copies of that address be printed by this Association in pamphlet form, and that the Secretary be instructed to send one to the Manager, General Agent, Secretary, or some official of every company whose name he can ascertain. I regard that Mr. McCluer has given us the character of a Manager as he ought to be, and probably as in some cases he is. Where he is not, it is the business of the companies to correct it.

Mr. Geo. W. Hayes—

I take great pleasure in seconding that motion.

Mr. H. P. Gray—

Before that question is put, having been one of the originators of that institution, together with "Old Kaintuck," as we call him over in Missouri—he goes by the name of "Old Kaintuck"—I would like to say a few words, as I think there is a drifting towards a somewhat wrong impression of his views (which I follow after) among some of the members of the Association with regard to the Compact.

Some three or four years ago things got to be most awfully demoralized in Kansas City. Major McCluer, myself, Mr. Littlejohn, Mr. Whitehead, Mr. Starwich, Mr. Welch, Mr. Bennett, and the men of that class in that field, had gotten together for a year or two previous to that time, and we had talked over and suggested every way that we could to quiet those fellows. We got them together; we would get them into a Local Board; we would get them straightened out, but we would not more than get onto the train and get comfortably seated in a car, before we would be telegraphed to to come back, that there was something wrong in Kansas City, until that thing finally ran along to such an extent that the agents themselves of the Kansas City Board got up a Macedonian cry of "Come over and help us, or we sink."

Well, we went there. I think, if I remember, there were some eighteen or twenty of us. We went to the —— House. Of course, we always strike the best hotel, making ourselves just as comfortable as State Agents generally try to do at the companies' expense, and after we got ourselves well seated, knowing that we had a big job on hand, we went to work and formulated the first Compact. That thing was taken up section by section and discussed. We invited the Local Agents to come in with us. Then the thing was, to get the companies to agree with us. After we had once gotten these obstreperous fellows in Kansas City, the next big job was to get the companies to take it. We agreed that if Mr. Whitehead would stay there and give the necessary attention to it, to present it to the companies in the shape that it should be presented, in the way of a circular, and by personal correspondence, if necessary, that we would divide the work of his field among us and attend to it while he was giving attention to that. That was the inception and the foundation of the Compact System, and what it came from.

Now, the impression seems to be, as Mr. Spalding says, that it is an elegant thing to force people to do so and so. My experience in the field has shown me that it does not do to force. The National Board tried to force; but it is my opinion, the same as Major McCluer's, that if this Compact System is treated as it should be by the Managers and officers of the companies, it will turn out to be the most profitable thing they have ever handled. His views, as given here, on the duties of a Manager—what he is for—seems to me, if taken and thought over by the Managers, if they have ever had any of the troubles that us field men have had, will certainly show them that it is the only way out of it.

The whole trouble comes from our business. In my experience, particularly, I have seen it in the last four years of my service, because I have been dealing, and more particularly in the last two years, with the two big cities of Chicago and St. Louis. There you find this want of these impartial men; this man who is not either to crowd or push, but to do as I do, and as I know McCluer has done, time after time. Take the city of

Denver as an instance. I don't want to flatter him; he is vain enough anyhow; but the facts show for themselves.

In the year 1880 or 1881, I forget which it was, they had a large fire in Denver. There was Jansen, Bliss & Co.'s stock, and there was a large drug store. It was the second fire they had had. Mr. Vail of the Hartford, Mr. Clark of the Franklin, and myself, for the Underwriters, were the three Adjusters on that loss. After they found we were there, of course the other companies asked us to adjust for them, so that we had the whole control of the thing, and were there, I think, something over three weeks. During that time Mr. Bissell of the Hartford, Mr. Case of the Royal, Mr. Reger of the Franklin, Judge Cary of the German-American, or Mr. Harding, I don't remember which, whoever was in charge of the Local Board Commission, and Mr. Bates of our company, wrote to Mr. Clark, Mr. Vail and myself, to know if we could not, some time during the adjustment, find leisure to have one or two evening sessions with the Denver agents and broach this thing of the Kansas City Compact; or, in other words, if we could not do as well for Denver as we had done for Kansas City, their complaint being that Denver was largely increasing; the class of buildings was rapidly changing from what they had been; where there had been a low building, say of two stories, with an ordinary occupancy of preferred stock below and a dwelling above, they were now having five and six story buildings, large office buildings, and things of that kind. Still there was a flat rate going right on all the time, the companies getting no compensation for the increased hazards they were carrying, and they thought the best thing to do, especially as Denver was so far away from the rest of the field, would be to put it under the Compact System.

Now, then, here is the point of the Compact System: At the time we took hold of that we called that Denver Board together three times, and more stormy sessions of anybody I never saw than we had right there in that Denver Board. It looked to me sometimes as if there would be just a "knock-down and a drag-out" among the Local Agents. They were at each others throats with crimination and recrimination; there was no harmony of any kind. And besides that, there was a disposition on the part of some of them to say: "Well, we have run this thing without the companies' help for a number of years; we are out here where they cannot reach us; they have got to do as we want to, and we won't go into it."

Well, at about the third meeting it began to dawn on them that the companies were going to have something to say about it, and that unless this system was accepted and worked that some of the largest agencies there would go to pieces, and the business would be cut up into independent agencies, and the companies would take their chances. They finally accepted it, and it was in that condition of things that the Local Board Commission went there and took Major McCluer with them, and he was put in there as first Manager. Of course, he has had to go there once or

twice, but the Managers know pretty well what the condition in Denver is as compared with the condition at the time I speak of. There is the second instance of the Compact.

But it seems to me, as I said before, that the Compact System has shown one thing that we need to do very much at every place, and that is, not to impress the public, as they seem to have been impressed, with the fact that all an insurance company has got to do is to take one hundred dollars in five-dollar gold pieces and by some peculiar shuffle of the wrist and one or two turns they can make one hundred per cent. dividends and pay all the losses that they call on them to pay. We want to educate the people to the fact that the insurance contract is subject to the laws of supply and demand just the same as any other business is. We want to educate the people that when a man takes an insurance contract he wants to know what it is just as well as he does when he buys a piece of land, whether he has got a clear title to it or not. In other words, we want to educate them to the difference between indemnity and speculation.

Now, then, if we have a man of this kind as a Manager, he does not go to them as a solicitor, he does not go to them as a Special Agent, he does not go to them in any such position, but he goes to them when they call for him. When a man finds that his rate has been raised he naturally wants to know why. The Manager can do a good deal of benefit in educating him to the fact that an insurance company is doing a legitimate business; that our business is based upon immutable laws, and it is just as much, as I said before, subject to the laws of supply and demand as any other commercial business, and a great deal more necessary than any other business to commercial interests that I know of. It seems to me that the Compact Manager and the Compact System, if they are properly handled, are going to do an immense amount of benefit in that way.

Mr. H. C. Eddy—

In the very interesting address of Mr. McCluer he referred to the fact, or made the statement, I think, that the Compact System had some opponents among Managers of companies. I think, however, that upon the Compact System, as he has described it, that is, where the Compact System is applied to large places, the number of opponents among large companies, or prominent agents of companies, can be counted on one hand; and, in fact, I at this time do not know of any opponent to the Compact System as so applied. We have all heard of objections raised by certain Managers to the grouping system that has been going on so rapidly recently, and at this time I think it would be interesting to hear from some of the Compact Managers themselves, giving their views upon this branch of the Compact System. If it is not going to take up too much time, I should be glad if some of these Managers who have from twenty-five to fifty towns under their jurisdiction, would let us hear from them.

Mr. C. W. Potter—

I would like to call upon Mr. Basford, who is here representing one of the largest Compact districts.

The President—

Mr. Basford is the Compact Manager from Winona. We would like to hear from him.

Mr. R. B. Basford—

I have not anything in particular to say, further than to endorse Major McCluer. His ideas fit mine exactly in every particular. I would be willing to answer any questions that anyone sees fit to ask. I cannot say anything more than what has been said by Major McCluer. That is my idea exactly.

Mr. A. W. Spalding—

I would ask Mr. Basford if he feels any favoritism to any company that is doing business in his office, or if he conveys the information which he has in his office to any other company than the company which is interested in his work. Is there any attempt in that office to allow one company any advantage over another.

Mr. Basford: No, sir.

Mr. Spalding—

I never saw a Manager that has been selected by the Union that was personal or favored particular companies—that I believed was. I have had as much reason to suspect them as any Manager. I have perfect faith that it is the best system that has ever been employed to secure an adequate rate. I do not mean by force, but I mean that when you apply, your Manager goes to a risk where the assured complains that his rate is too high—or you fix the rate on a schedule—and points out to him why you, from a defect in the building, have rated his risk higher than his neighbor, and that if he will close up an opening in the wall and make it a strictly B building, that his rate will be reduced. You are thus educating all the people that are customers of the companies in that city to the belief that we are trying to do the fair thing.

I did not mean that we had forced the assured to pay almost the National Board rate, but we have stopped the demoralization by appealing to the intelligence of the policy-holders; and this system will always do it, if you have got an honest, straightforward, judicious man in charge of one of these Compacts. It is to give a reason to a man—that is all you want—to get his money. If we require a rate to pay a loss and declare a dividend, we should get it. Public sentiment is what we want.



**Mr. R. B. Basford—**

His first question I will answer. From the beginning of my jurisdiction I had different agents in the Compact occasionally coming into my office. They would want to know how Mr. Smith or Mr. Jones was getting along; how much he was doing for his company, etc. No agent has ever found out from me anything about anybody else's business but his own. No Special Agent ever finds out anything at my office about any business except the business of the company which he represents, although lots of them would like to know probably more.

In my manner of rating, particularly of special hazards, I go to see the parties themselves, inspect the risk, talk it up with them, tell them where I think the weak points are, why the rates should be advanced, and tell them what I think they had better do in order to lower the rate. Before I leave them, I endeavor to have them satisfied that their rate is adequate. I have not had a single case yet that I can call to mind, where I have not left a party in a satisfactory frame of mind. I believe—I may be a little egotistical—but I believe that, particularly in the largest town of the Compact, the feeling on the part of the insured is getting much better, and I have advanced the rates there very materially I think, in the aggregate, since I took hold of the Compact, from the rates they were getting. Although they were writing in all kinds of ways, I think I have advanced the rate at least 10 %, and everything in my Compact is working very nicely, harmoniously and pleasantly with the companies, the public and the agents.

**Mr. J. B. Bennett—**

I see on this programme that I am put down as "Compact Commissioner." That is a mistake; I am the Local Board Commissioner, not the Compact. But I can give you some phases of the worst side of the Compact. You have heard the best; probably you want to take the whole. Now, in Indiana and Kentucky (we are counted out of Ohio temporarily, as you are aware), we have organized some thirty Compacts in that section. I am going now, on the next train after this meeting is through, to Logansport, one of those Boards where, to a certain extent, they have had the same difficulties as at Kansas City. These things repeat themselves. We have had a real fighting Board there; the parties are up in arms. There are certain causes for these things. The person who managed the business for a great number of years is in an insane asylum. He had no right to conduct business, with all due respect. The next one went to the penitentiary. The next party was a non-Board cutter from the time of the National Board. They have gone on there, sir, under those unfortunate circumstances, and in loose ways, but with some excellent material in there. The party that is our greatest opponent there, I esteem as high as any person, perhaps, in the State does. He is competent; he is irascible;

he is powerful; he has failed, and been voted as no account and an utter failure; but he has come back and paid his hundred cents on the dollar, and is a true man. But it is the peculiar circumstances.

Now, sir, I am limited to three hundred dollars to get a party there. They do not pay enough, and we recommended a grouping together. In our section we have to-day nothing more than auditors of the rates, and that is not sufficient. They have not got enough power to accomplish it, and consequently it is so contracted that the system is in danger of being destroyed, whereas it should be developed. It should not be contracted. It is contracted and not developed. For that reason I will say that I am discouraged only in the treatment of the case. If the Manager, however, was allowed proper discretion, and the thing was developed properly, it would be invaluable to the companies; but as it is limited, I have very little faith in it until it is fully developed.

Mr. A. W. Spalding—

Don't you think if the Commission having charge of your field would permit you to pay a larger per cent. upon the receipts of that field, and extend the jurisdiction of a broad-gauge man over eight or ten of the important towns of Indiana, that it would be a less expense upon the business than now?

Mr. Bennett: There is no question about it.

Mr. Spalding—

I believe so. I have studied the system and the workings of that system throughout Michigan, and instead of being jealous over it, I believe it is the broadest view to take of this whole thing, and if I was in the Union I should advocate that.

Mr. Bennett—

I came from another place, gentlemen, to this meeting, where the premiums are \$135,000. Now, we have a most excellent man there, but I am limited, so that he is only paid \$1,500. He is a \$3,000 man; he has only stepped moderately a few steps ahead, but he has improved the business there \$15,000, and he will go step by step. He can go in any class house there and he can satisfy the parties with regard to the propriety of certain things to be done in such a way that he will enable a thing to be accomplished. But, limited and restricted, as I say, we are in danger of neutralizing it so that it becomes negative and of no account.

Mr. Spalding—

There are companies in Kansas City that I know did not get over \$600 a year under the cut-rate system there, which to-day are receiving \$4,000 in premiums from the very best business, under the influence of that Compact.

Mr. J. L. McCluer—

I desire to call the attention of the members of the Association to one of our oldest and most respected Managers, whom we have here with us. He has probably now been holding the position longer continuously than any other Manager that we have. He has made a great success of his Compact; he has kept the confidence of his agents; he has gained the confidence of the community in which he is located, and he is here with us to-day. I desire to have him make a few remarks to this Association upon his idea of the Compact System. I allude to Major J. B. Rowley, of Omaha.

The President—

A moment ago or so I noticed with pleasure a gentleman come into the room who has been the means of forming the largest and the most complete Compact of any individual in the United States. I refer to Gen. C. W. Drew, President of the Chicago Fire Underwriters' Association. I know the gentlemen would be glad to hear from him, and we would be glad to have the General come to the platform.

Mr. C. W. Drew came forward to the platform, where he was greeted with applause. He said:

I do not understand what your President has called me up here for, as I know very little about the Compact System. I have been instrumental to some extent—a very moderate one—in the formation of a new organization here in the city of Chicago. I have heard a great deal of talk about it, a great many predictions of failure, but so far, I believe, it is squarely on its feet, and so far as I can judge it promises well for the future.

I have heard a great deal of the Compact System in the country, country towns and smaller cities, but it would be hardly becoming in me to add any new features or any new ideas, or to suggest any, to the gentlemen who have so large an experience in the field. I should feel myself entirely incompetent to give you any information or any instruction in that light.

As many of you, perhaps, are aware, we have been placed in a very peculiar situation in the city of Chicago. For a long time we had what was known as the Chicago Board of Underwriters. It had a tariff of rates and rules, which, I think, were in the main lived up to fairly and honorably, and for a long time it was very successful, and seemed to accomplish the objects sought. But gradually we came to have a large number of companies outside of the organization. Of course, with a large number of companies outside it was, as you may imagine, a little uphill work, and yet, in the city of Chicago, perhaps better than any other place in the world, we got along with that competition, simply because of the fact of the large fire which occurred in 1871, which educated our people up to the idea that a Board company must necessarily be a great deal better than a non-Board

company. I do not think that any of the Board members tried to change that opinion. I think they rather cultivated it, and they were very successful in doing it. The results of the business show that the Board companies did the volume of the business here.

But after awhile, unfortunately for us, some of our companies themselves undertook to go outside of the Board organization. I refer now to companies represented in our Board. They undertook to go outside of the Board organization and secure a business which they thought was the most profitable in the world by paying a very large commission—a great deal larger than they would pay to us and allow us to get that business. That began to grow, and as it began to grow it began to breed trouble. The result of it all was that we felt we could not stand that sort of thing any longer. We called a meeting and appointed a committee to confer with the companies, and see if we could not bring about a condition of affairs that would do away with that. It failed in its efforts.

The result of it was that we decided to suspend rates on this outside business that they were so hungry for, and give them a little fight. We concluded that that was the only way to bring order out of chaos, and chaos was coming just about as rapidly as possibly could be, gentlemen. The result of that fight was that a good many of the companies and a good many of the agents became very sick.

We concluded that it was about time to go ahead and form the organization which we had been trying so long to bring about—an organization that should comprise all the companies doing business in the city of Chicago, for we felt that in that way, and in that way only, could we hope to handle the business and make it successful in the future as it had been in the past. The thing had gotten beyond our reach; we could not hold it in any other way. We could stand the outside competition, but we could not stand the companies; they were too much for us.

The result of it was that a meeting was called to consider the new plan of organization. At that meeting printed proofs of the plan were furnished to each and every one of the gentlemen present, and they decided to go ahead and form the organization. The organization was formed, but not put in operation until a time to be fixed, when a sufficient number of those present of the agents doing business in Chicago had signed to make us feel that we could make a success out of it.

After a while we got, I think, all but four or five of the agents doing business in the city to sign that Compact. We then came together and decided to put the organization into operation. There were four or five who felt that they were sufficiently strong to stay out, anyhow. They would not come in; did not care to come in. But we thought differently. We felt that, after we had got fairly in working operation, they would see that it was for their interest to come in. It was not very long after the organization was perfected before they came in, and came in voluntarily.

They did not need any urging. They saw where their interests lay. We had a very nice little plan to bring them in: that was our non-intercourse plan. All these gentlemen felt that they could not afford to be ostracized, as they were being by this non-intercourse plan, and it was natural. I did not blame them at all. I should have felt the same way if I had been in their position. I should have felt as if I wanted to climb over the fence and get in out of the wet. They did, and since then we have been running along very smoothly. We have, while not a Compact in name, a Compact in fact, and I think a very successful one.

The question has been asked whether the Compact System which you have adopted in other towns could not and should not be adopted in Chicago. I have thought of it a great deal. There are some things in it which I think would be very good. There are some reasons why, I think, in a city of the size of Chicago, it would be impracticable, or it would be almost an utter impossibility, as we have found in our efforts to rate business property in this city. As we have undertaken to include the outlying towns in the entire county of Cook, we have found it impossible to rate those towns as fast as we want them. It would be impossible in the Compact System, I am sure, for any Manager to furnish the rates to the people who wanted to write those risks. He would be simply overwhelmed. That is the only objection I can find to the system. Were it not for that, I should certainly be very glad to see it adopted here.

But the question of rates is one with which we have found no difficulty whatever in our new organization. I may say none. I believe that the members are living up to it rigidly, and I do not know but they are to all of the rules. I have no reason to believe that they are not. Of course, I hear a great deal of talk of this one and that one, but I know that three-fourths of it is imaginary. It is very natural if a man loses a risk to imagine that his neighbor has gotten it by some dishonest practice—the most natural thing in the world. But I have taken it upon myself to investigate a great many of those cases, and I have found, when I came to investigate them and run them down, that there was nothing to them. We have a very good system by which a man has got either to come out squarely and tell an absolute falsehood, or else we are able to find out whether he is living up to the rates or not. We have some means of determining whether a man is doing the square thing or not. All these things tend to confirm us in our belief that good faith is the rule, and that a great deal of this talk we hear upon the street is purely imaginary.

I wish it were in my power to give you some new light—something that might be of benefit to you, but my field is limited to Chicago. It is not as broad as yours, and I do not feel myself capable of making any suggestions whatever that I think would be of benefit to you. We are trying to make a success of Chicago and Cook county, which is now under our jurisdiction. At the same time, the territory outside of the county is

under the jurisdiction of the Union. But in that matter we are operating together and in perfect harmony, and if they will only give us time we will show you one of the finest associations for the maintenance of rates and rules, I think, that there is in the country. I thank you, gentlemen.

Mr. J. B. Hall—

I think it has been stated in this discussion that there are some Managers of companies that are opposed to this managerial system. I agree with my friend on my left here, that there are but few, if any, I think, that are opposed to the Manager system. I think there are some Managers of some companies that are opposed to the expense of the Manager system, mainly on this, that where a Manager is spread over a large extent of territory the expense naturally increases. They believe that having a few agents in that territory, and other companies having a great many, that the companies that have a great many agents are largely benefited at their expense. Now, we have Managers here of several Compacts. I would be glad to hear them explain that point, and I think it would be beneficial to the Managers and to the companies.

(Calls for Rowley.)

Mr. J. B. Rowley—

I had no thought of saying anything here. I came to listen. I have just heard one thing from Mr. Drew that is a great gratification to me, and that is, that you have got something akin to a Compact in Chicago. I have heard it said that in the human body there is a nerve-center, and that from that center radiate nerves to every part of the body. Omaha is one part of this insurance body, and we have felt the influence of this Compact, or whatever you call it—whatever name it goes by—very sensibly within the last few days in Omaha, and hence I am glad to know that you have a Compact, or something akin to it, in Chicago, for, this being the nerve-center of the whole country, we should feel it all over. It came in first with us in the matter of lumber yards, and it came very timely, too.

I do not know what you desire to hear from me in regard to Compacts. There are some few things that I have learned in regard to Compacts since I took hold of the Omaha Compact (the second Compact which was ever organized), and the first Manager being dead and buried—the one at Kansas City—leaves me No. 1, in point of age, of Compact Managers. When I went to Omaha as a Compact Manager I inquired of the companies what they wanted I should do. They could not tell me. I did not know what they wanted; they did not know themselves. They said to me: "We want you to go there and look after our business." I said to them I would do the best I could. When I got there I inquired of the agents: "What am I to do?" They did not know. So it was a sort of know-nothing society all around.

I said to the agents when I was first introduced to them (I went there as an entire stranger): "I have not come here as a king, although they call me Manager, nor as an emperor, nor as a dictator, nor anything of that kind. I come simply to help you in your business of insurance. Whatever there is that needs doing here, I want to assist you in doing it. I expect you to take hold earnestly with me in this work, and I expect to work with you just as earnestly for your own benefit, as well as for the benefit of the companies."

With that we started out. That has been the plan upon which we have operated ever since I have been in Omaha. I endeavored to show those agents—because there is where they had to begin—that it was for their interest that they should work for the interest of their companies; that it was for their interest that they should be honest; that it was for their interest that they should maintain their integrity towards each other, and I believe that I succeeded in getting that principle thoroughly instilled in the minds of the agents. The result has been, that I have been there now nearly four years, and we never have yet had occasion to impose a fine upon one of those agents. We never have yet, except in one or two instances, compelled them to cancel policies because they were not correctly written, or because they were not in accordance with the terms of the Compact, and that not for a malicious offense, but more as a matter of oversight, perhaps, than anything else.

The agents have invariably worked together. Of course, there has been some ruffling of the waters now and then, but we have always endeavored to quiet it down. When we have come to the customers, we have had somewhat of a different thing. When we have come to the Special Agents, we have had something of a different thing. Some as savage letters as need be written by anyone, were written to me when I first went there, from some of the Special Agents. As to the companies themselves, I can say that I have invariably found them ready to coöperate with me in anything that was for their interest, for the general interest, and I have been very much gratified to know that they have sustained me in my work. As to the Special Agents, I may say that, without an exception, they sustain the Managers, and are glad to do so.

There is one thing that it seems to me is getting prevalent now, and that is, the fact of spreading out this managerial system too thin. It was spoken of here, but the question has not been brought up. I noticed a day or two since, or a few days since, that the Manager on the opposite side of the river, Mr. Weare, had attached to his Compact some fifteen or twenty small towns around, and in connection with those he has also had attached to it Sioux City, a place large enough for a Manager of itself. It strikes me that the time is coming when, if our companies do not look out, they are going to put too much work upon these Managers. They are going to spread them out too thin, and have them travel over too much country, and more than they can properly attend to.

Now, I judge from my own experience. In Omaha we have a city of some sixty thousand inhabitants. My territory extends about eight miles one way, about five miles the other, and is about three miles wide. Probably not all of you are situated exactly as we are there. It is a growing town, where the old wooden buildings are being hauled out. You will find them hauling all over the city. They are like potato-bugs over the fields. They will get up from one place and go into another block, and to-morrow something else, perhaps, will come in there where they left, so that it is nothing unusual for me to be obliged to change the ratings of an entire block two or three times in the course of a month. With such work as this placed upon any Manager, it is an impossibility for him to take a great many hundred miles of territory in his beat, and do it successfully.

It is only by eternal vigilance and constant work that I have been able to keep the Compact intact and in good working order at Omaha. If I had had plenty of other places outside, I could not have done it. And this may be the case with some other places where so many towns are attached.

Another difficulty that I find there, which I think ought to be remedied, is this: Every day, almost, there are risks coming in, written either at Omaha or at Plattsmouth—which is now under my jurisdiction also—written on elevators, school-houses or churches, more particularly on elevators and other risks of that character, special hazards, all over the country, from all parts of the State. I have no rate on those. It is not one place in ten where I have the rates, if there have been any made. A "daily" comes in with one of those, and I endeavor to look up the rate, and I don't find it. I go across the road to the Chairman of the Committee who has charge of that part of the territory. He knows nothing about it. I write to somebody else who has had charge, perhaps, and they know nothing of it.

Now, here is a fault. The man who writes on that risk, ten chances to one, will write it below what he knows the rate ought to be. He has seen the list and knows what it ought to be. We have a schedule by which he can go. I know nothing of the risk; have no survey of it; cannot tell anything about the schedule, that is, as applied to that risk, because I do not know the risk. There is not a man I can get hold of in town that knows anything about that risk, or if he does he won't tell anything about it.

It strikes me that the State of Nebraska should have one man whose business it should be to look after the entire State, to rate all those risks, and particularly those prominent risks, and to see that every Manager in the State has a copy of the rate of each one of those risks, so that they may be kept up to full measure.

Right here I will say that Mr. Spalding's agent sent in two risks from a neighboring town the other day. I could not tell what the risks were, but



from my knowledge of the town I was satisfied that the rate was entirely too low. I had to hold the daily reports until I could write to one of the prominent agents in those two towns—for it was one in each town—to ascertain what that risk was. It was written at 2 %; the local rate in one instance was 5 % and in the other 5½ %. Well, now, it so happened that I could get hold of those rates. I cannot always do it. Mr. Spalding, when I presented the matter to him, very promptly canceled those risks, and I am happy to say that he stands by us every time.

Now, gentlemen, there is just what appears to me to be a loose screw in Nebraska. I won't say anything about any other State, because I don't know. The rates on those prominent risks should be given to the Managers, so that when the daily reports come in they will know what the rates should be, and they can keep the agent to those rates. As you know, it is very natural that these risks should flock to Omaha, when the Local Board rate is so high. The owners of the risks think: "Well, now, we are going to get that a little lower. We will send in to this man in Omaha. He has heretofore written our risks at about 1½, 2 or 2½ % less than what we could get it done at home." They will do it every time, and it causes me a great deal of trouble, because I do not know what the rates are on those risks. The consequence is, that men all through the country can send their risks in to Omaha, or some other large, prominent place, and get them written at less than Board rates.

It seems to me that that should be taken up, and instead of sending one man all over the country there should be one man whose business it should be to take the entire State, perhaps, or a certain portion of it, and do the rating, and see that the Managers have those rates, so that they can keep their agents up to them.

The President—

There are a number of Compact Managers present. We would like to hear from them all, but time will not permit it at the morning session. We will arrange to hear from them immediately on convening this afternoon. You will now have the honor of listening to an address from Mr. Abram Williams.

Mr. C. W. Potter—

Pardon me for calling your attention to the fact that there is a matter before the house upon which there has been no action taken.

The President: Pardon the oversight.

Mr. Potter—

If you will pardon me one moment, I would like to reply to Mr. Hall in regard to these Compacts. It will take but one moment.

The President: Very well, sir.

Mr. Potter—

It is simply this: that in order to avail ourselves of the benefit of the Compact management in Wisconsin and Minnesota, where we have but few large towns and mostly small towns, we have found it absolutely necessary to group several towns together. In answer to Mr. Hall, I can briefly say that we can show about ten dollars profit for every dollar that has been expended in that way. That, I think, is the only argument necessary. We will demonstrate it by comparing the rates that we are now getting with what we would get if we had not the Compact Manager. That is all the argument I think necessary in regard to that. The large companies get no more benefit than the small ones, because the expense is *pro rated* according to the receipts. They charge simply according to their receipts.

In answer to Mr. Spalding here—a question he asked of Mr. Basford as to whether he gave any information or acted any differently towards one company than another—I do not think that he or any other Manager can be accused of any partiality in that respect. That he might feel a little different towards those that he knew would sustain him under any and all circumstances, I think would be a pardonable sin.

Mr. Spalding—

I have not the slightest doubt but what our Managers are thoroughly conscientious and honest men. My business is 30 % greater under the operation of these Compacts than I could possibly make it if I were out of the Board. I am only out of the Board in seven places out of 368, and I will have them in within three months.

Mr. Littlejohn—

In rising, I simply call for the question. It is past the noon hour almost, and the members, perhaps, are getting a little impatient. Mr. Williams' paper, I believe, is next on the programme. I move it be now read. There is a question, as I understand it, about to be put, and before it is put, I think that Mr. Potter's motion was to have 500 copies of Major McCluer's address printed. I think I would prefer 1,000. I would amend it, if he would accept the amendment, and say 1,000.

Mr. Potter: I accept the amendment.

Mr. Littlejohn—

For this reason: I notice a falling off in the attendance of Managers and officers of the companies. There was a time when we had 150 or 200. Now I notice six or seven. It was the same way yesterday, and last year, too. I do not know what the falling off means, nor why they should not attend. They certainly can gain a good deal of knowledge by attendance, unless they possess the faculty of acquiring knowledge without the process

of intellectual digestion. I don't know whether they do or not. But at any rate, I think we should have a thousand copies.

Mr. A. W. Spalding—

I can tell the gentleman why the Managers are not here. When we started this organization, we started it upon the basis that it was the Northwestern Association of field men, and it has been the custom of every President since it was organized to go to New York or the East, or among the Managers of the foreign companies, and obtain such men as the President of the Hartford Insurance Company to address this Association. The Managers here, like Mr. Bissell and that class of men, consider that they have got just as much brains as there is in the East, and they are jealous of our inviting those men here to make our addresses. We can invite them here as our guests, and it is proper, but it is not proper to invite those men here and give them a prominent position in this society. The gentlemen won't stand it.

Judge Cary is just as capable of making an address as any of them, and he should have become the President of this Association. He is one of the men who should be elected President of this Association, not because he is a Manager, but because he is a field man. He came up from a Local Agent and field man. He was a field man on the Imperial before he ever got the management. If this Association will pursue a policy that will recognize the ability of the younger field men in this body, or of the Northwest, and make it a purely Northwestern Association, you will find these benches packed with all the Specials and all the Managers. That is the reason that you see so many empty chairs here to-day. There is a feeling existing among a good many men who are young men and who have come out of an office as an Assistant Manager and been promoted to be a Manager, that some people think they are not able to manage a company. It has been demonstrated that some of the most successful Managers we have got are the men who have grown right straight up from Local Agents to the field, to Assistant Managers, and have become Managers in that way. They make more money for their companies than any men in the business. Now, then, let us base the Association upon that rule.

Mr. C. W. Potter: I call for the question.

Mr. H. C. Eddy—

I move that the motion to print additional copies of Major McCluer's address be laid on the table until the afternoon session.

The motion was carried.

Mr. J. G. Finnie—

There is a matter that perhaps would have come up more appropriately about an hour or so ago, when the motion was made about the election of

officers. I believe it is customary to provide a committee of five to nominate the Executive Committee for the coming year. I make a motion that such committee be appointed by the Chair, to report in due course at the afternoon session.

The motion was carried.

Mr. T. H. Smith—

I will ask if the next thing in order is not the reports of State Boards?

The President—

It has not been overlooked, but we are deferring it to a later hour.

Mr. Smith—

I would like to make a motion that the reports of the State Boards be received and printed with the Proceedings, and that we do not take up the time to read them.

The motion was carried.

#### ILLINOIS STATE BOARD.

CHICAGO, Sept. 23, 1885.

TO THE PRESIDENT AND MEMBERS OF THE NORTHWESTERN FIRE UNDERWRITERS' ASSOCIATION :

*Gentlemen* : Being requested by our President to make some report of the workings of the Illinois State Board of Fire Underwriters, I beg leave to submit the following :

The Illinois State Board was organized at Springfield in February, 1882. Prior to that date there had been, as far as my inquiries can ascertain, no State organization. The February, '82, meeting was attended by twenty-five State, Supervising and Special Agents, and the preamble to their meeting was as follows :

" WHEREAS, Certain irregularities obtain among Local Agents, and in the formation of Local Boards, in the establishment of rates and the writing of policies among Supervising Agents, in the authorization and approval of risks, and among Adjusters in the hasty settlement and payment of losses; therefore

" *Resolved*, That we, Supervising and Adjusting Agents, do hereby form ourselves into an association to endeavor to correct some of the evils, recited in the foregoing, which have crept into the agency business of fire insurance, and do hereby adopt for our government the following," etc. (Then followed articles of agreement.)

The "whereas" stated the facts mildly, as Illinois at that time was not far behind the leaders in low rates and unwise practices, while the resolu-

tion modestly recited the endeavors of our organizers. What has been done since that meeting may be summed up in the following :

February, 1882, number of Local Boards in Illinois.....	40
September, 1885, " " " " " " .....	223
February, 1882, " " towns under compact.....	None
September, 1885, " " " " " " .....	66

A large majority of the Local Boards throughout the State have been organized under an approved and uniform form of agreement, and few complaints are made as to the consistent working of same. The prime objects of our Board are :

*First.* To create and maintain an equitable, just and consistent tariff.

*Second.* To correct and avoid the practices of rebating division of commission, giving extra permits gratis, prevent blanket forms, and enforce mandatory rules, and lastly :

To seek by precept, as well as by example, to create among members of Local Boards a fellowship and good feeling which, when fully enjoyed, elevates the business, promotes harmony of action, and begets confidence and respect. To the full accomplishment of these ends may we all attain.

Respectfully submitted,

H. H. HOBBS,

*Secretary.*

#### INDIANA STATE BOARD.

INDIANAPOLIS, Sept. 21, 1885.

J. L. WHITLOCK, Esq., *President Fire Underwriters' Association of the Northwest, Chicago.*

DEAR SIR: I enclose you a printed report of the condition of the Local Board System in Indiana on September 1st, inst., with data which may be of interest to the Association.

I can only add that the work accomplished, and the results attending it, are in the main satisfactory, and the future outlook is of such a character as to inspire confidence that our local organizations will improve in stability and usefulness.

The State Board has been prompt to correct abuses and respond to complaints. Frequent consultations are had, and plans adopted to meet the necessities of the case. The Board is indebted to Mr. Commissioner Bennett for efficient aid in bringing about the condition of the present system.

Very truly yours,

BENJ. KELSEY,

*President.*

TOWNS.	SYSTEM.	NAMES OF OFFICERS	Board Organized.	Date of Last Tariff.
Auburn.....	Stamp. Sec.....	Jacob Walborn, Pres..... John L. Davis, Stamp. Sec	Dec., '83 .....	Nov. 6, '83.
Aurora. ....	Stamp. Sec.....	John E. Wymond, Pres..... W. S. Baker, Sec. W. V. Webber, Stamp. Sec.	June, '80.....	1882.
Argos.....	Ordinary.....	S. N. Gould, Pres..... J. M. O'Brien, Sec.	June 21, '84...	June 21, '84.
Albion.....	Ordinary.....	....., Pres..... Frank Clapp, Sec.	July 11, '84...	July 11, '84.
Attica.....	Ordinary.....	L. D. Lyons, Pres..... W. B. Reed, Sec.	April 5, '84...	May 10, '84.
Angola.....	Ordinary.....	L. Gates, Pres..... S. A. Powers, Sec.	1879.....	Rev. 1885.
Anderson.....	Ordinary.....	Joseph Fulton, Pres..... James Bain, Sec.	Jan., '84.....	Jan., '84.
Brookville.....	Ordinary.....	Thomas Barton, Pres..... A. W. Butler, Sec.	1882.....	Feb. 14, '83.
Boonville.....	Ordinary.....	Thos. B. Youngblood, Pres... Chas. W. Armstrong, Sec.	April 8, '84...	April 8, '84.
Bloomington.....	Ordinary.....	William M. Tate, Pres..... Frank R. Woolley, Sec.	May 30, '83...	May 30, '83.
Boswell.....	Ordinary.....	Clinton Baker, Pres..... G. A. Bailey, Sec.	Oct., '84.....	Rev. July, '85.
Brownstown.....	Ordinary.....	D. A. Kochenour, Pres..... Frank Fassold, Sec.	April 14, '84..	April 14, '84.
Bedford.....	Ordinary.....	A. A. Malott, Pres..... H. H. Walls, Sec.	Dec., '84.....	March, '85.
Butler.....	Ordinary.....	Oscar L. Young, Pres..... John A. Campbell, Sec.	Aug., '85.....	Now in print.
Bourbon.....	Ordinary.....	J. H. Porter, Pres..... J. D. Thomas, Sec.	July, '84.....	Rev. July 23, '85.
Brazil.....	Ordinary.....	J. Croasdale, Pres..... I. Jarboe, Sec.	Jan. 4, '84.....	Jan. 4, '84.
Bluffton.....	Stamp. Sec.....	M. W. Lee, Pres..... J. K. Rinehart, Stamp. Sec	Dec., '83.....	April, '84.
Columbus.....	Stamp. Sec.....	W. H. Donhost, Pres..... W. W. Lambert, Stamp. Sec.	July, '83.....	July 1, '84.
Crawfordsville.....	Stamp. Sec.....	C. L. Thomas, Pres..... B. R. Russell, Stamp. Sec.	Dec., '81.....	Dec., '81.
Connersville.....	Ordinary.....	A. R. Morrison, Pres..... J. M. McIntosh, Sec.	1879.....	Jan., '84.
Churubusco.....	Ordinary.....	John W. Orndorf, Pres..... ....., Sec.	July, 84.....	July, '84,
Clay City.....	Ordinary.....	Under Brazil.....	.....	.....
Covington.....	Ordinary.....	None.....	.....	1880.
Corydon.....	Ordinary.....	None.....	.....	.....
Columbia City.....	Ordinary.....	J. C. Wigent, Pres..... William H. McKinly, Sec.	1879.....	April, '84.
Cannelton.....	Ordinary.....	William Henning, Pres..... M. F. Babbitt, Sec.	July, '83.....	July, '83.
Crown Point.....	Ordinary.....	S. P. Vanwinkle, Pres..... C. E. Allman, Sec.	1875.....	May 8, '85.
Cambridge City.....	Ordinary.....	Casper Markle, Pres..... F. C. Mosbaugh, Sec.	Jan., '84.....	Jan., '84.
Danville.....	Ordinary.....	G. W. Wayland, Pres..... J. C. Wateraus, Sec.	Oct., '75.....	Sept., '84.
Denver.....	Ordinary.....	John Tudor, Pres..... W. J. Smith, Sec.	Jan., '85.....	Jan., '85
Delphi.....	Ordinary.....	Noah Cory, Pres..... Robert Young, Sec.	Nov., '84.....	Dec., '84.
Decatur.....	Stamp. Sec.....	John Melbers, Pres..... J. T. Merryman, Stp. Sec.	Oct., '84.....	Oct., '84.
Evansville.....	Manager.....	A. C. Hallock, Pres..... B. B. Myrick, Manager.	Sept., '81.....	Aug., '84.
Elkhart.....	Manager.....	E. C. Bickel, Manager.....	Dec. 15, '82...	Jan. 1, '85.
Edinburg.....	Ordinary.....	H. Lewis, Pres..... William Wilson, Sec.	July, '83.....	June, '84.
Elwood.....	Ordinary.....	G. W. Hupt, Pres..... J. A. Hunter, Sec.	1885. ..	In print.

TOWNS.	SYSTEM.	NAMES OF OFFICERS.	Board Organized.	Date of Last Tariff.
Fort Wayne.....	Stamp. Sec.....	F. P. Randall, Pres..... C. E. Graves, Stamp. Sec.	Aug., '82.....	Aug., '82.
Franklin.....	Ordinary.....	W. C. Thompson, Pres..... S. C. Brown, Sec.	Jan., '83.....	Jan., '83.
Goodland.....	Ordinary.....	A. T. McCurry, Pres..... J. W. Oswald, Sec.	1883.....	July, '84.
Greenfield.....	Ordinary.....	—, Pres..... —, Sec.	June, '82.....	March 8, '84.
Greencastle.....	Ordinary.....	Edward Allen, Pres..... C. E. Anderson, Sec.	June 6, '85.....	Aug. 19, '85.
Greensburg.....	Ordinary.....	David A. Myers, Pres..... G. Stevens, Sec.	1870.....	Jan., '84.
Goshen.....	Manager.....	E. G. Herr, Manager.....	—.....	March 20, '88.
Huntington.....	Stamp. Sec.....	James M. Hatfield, Pres..... Thomas Burns, Stamp. Sec.	May, '83.....	May 25, '83.
Hartford City.....	Ordinary.....	J. H. Rhoades, Pres..... G. W. Hutchison, Sec.	May, '84.....	June, '85.
Hagerstown.....	Ordinary.....	John Replogle, Pres..... W. P. Knobe, Sec.	June, '84.....	June, '84.
Indianapolis.....	Manager.....	Henry Coe, Pres..... A. T. Allen, Manager.	1872.....	1882.
Jasper.....	Ordinary.....	Jos. I. Schuhmacher, Pres..... A. M. Sweeney, Sec.	1885.....	In print.
Jeffersonville.....	Ordinary.....	H. Preefer, Pres..... Charles Kelly, Sec.	1879.....	1879.
Knox.....	Ordinary.....	J. N. McCormick, Pres..... George A. Murphy, Sec.	1833.....	Oct., '83.
Kentland.....	Ordinary.....	Ezra B. Jones, Pres..... F. A. Comporet, Sec.	July, '84.....	July, '84.
Kendallville.....	Ordinary.....	Thomas L. Graves, Pres..... C. H. McMillan, Sec.	1872.....	March 5, '88.
Kokomo.....	Stamp. Sec.....	W. A. Stuart, Pres..... A. B. Kirkpatrick, St'p. Sec.	Jan., '83.....	Oct. 13, '83.
Logansport.....	Stamp. Sec.....	J. W. Markley, Pres..... W. H. Jacks, Stamp. Sec.	Jan., '84.....	April 1, '84.
Laporte.....	Stamp. Sec.....	George C. Dorland, Pres..... Ithamer D. Phelps, St'p. Sec.	1879.....	.....
Lebanon.....	Stamp. Sec.....	C. Copeland, Pres..... Samuel S. Daily, St'p. Sec.	Feb., '83.....	Feb., '83.
Lafayette.....	Ordinary.....	J. C. Brockenbrough, Pres..... William J. Atwell, Sec.	Oct., '79.....	Dec. 20, '79.
Ligonier.....	Ordinary.....	J. E. Braden, Pres..... F. P. Bothwell, Sec.	Nov., '81.....	1884.
Liberty.....	Ordinary.....	D. M. Dunbar, Pres..... J. B. Macy, Sec.	Feb., '84.....	1884.
Lagrange.....	Ordinary.....	J. M. Kennedy, Pres..... H. M. Herbert, Sec.	March, '84.....	March, '84.
Lawrenceburg.....	Ordinary.....	Samuel McElfresh, Pres..... P. L. Mathews, Sec.	1878.....	Jan. 25, '88.
Monticello.....	Ordinary.....	J. H. Wallace, Pres..... James M. McBeth, Sec.	Feb., '84.....	Nov. 15, '84.
Marion.....	Ordinary.....	B. H. Jones, Pres..... Charles F. Mather, Sec.	Oct. 12, '79.....	July, '85.
Mishawaka.....	Ordinary.....	H. G. Niles, Pres..... John J. Schindler, Sec.	1879.....	Feb. 5, '85.
Martinsville.....	Ordinary.....	—, Pres..... —, Sec.	.....	Sept. 1, '83.
Milton.....	Ordinary.....	William H. Moore, Pres..... J. M. Grigsby, Sec.	Dec., '84.....	Dec., '84.
Mount Vernon.....	Stamp. Sec.....	James B. Tate, Pres..... V. C. Finch, Stamp. Sec.	Nov., '83.....	Nov., '83.
Michigan City.....	Stamp. Sec.....	H. M. Hopkins, Pres..... Charles Sparth, Stamp. Sec.	1883.....	1883.
Muncie.....	Stamp. Sec.....	Charles W. Moore, Pres..... John A. Keener, Stamp. Sec.	Dec., '83.....	1884.
New Castle.....	Stamp. Sec.....	Robert M. Nixon, Pres..... Rob't B. Smith, St'p. Sec.	1883.....	Dec., '83.
North Vernon.....	Ordinary.....	—, Pres..... William Fall, Sec.	July, '84.....	July, '84.
New Albany.....	Ordinary.....	James G. Harrison, Pres..... Fred D. Connor, Sec.	1880.....	1883.

TOWNS.	SYSTEM.	NAMES OF OFFICERS.	Board Organized.	Date of Last Tariff.
Noblesville.....	Ordinary.....	W. A. Wainright, Pres..... C. J. McCole, Sec.	April 28, '83.	Aug. 24, '85.
N. Manchester.....	Ordinary.....	B. F. Clemons, Pres..... John B. Schuler, Sec.	July 10, '84.	July 10, '84.
Patoka .....	Ordinary.....	None .....	.....	Aug. 18, '85.
Princeton.....	Ordinary.....	W. B. McDonald, Pres..... W. R. Criswell, Sec.	Jan., '83.....	Jan., '88.
Petersburg .....	Ordinary.....	A. H. Alexander, Pres..... J. M. Doyle, Sec.	1881.....	April 11, '84.
Portland.....	Stamp. Sec.....	....., Pres..... S. W. Haynes, Stamp. Sec.	1883.....	May, '83.
Plymouth.....	Stamp. Sec.....	J. W. Houghton, Pres..... Perry O. Jones, Stamp. Sec.	July, '84.....	July, '84.
Peru.....	Stamp. Sec.....	W. B. McClintic, Stamp. Sec.	1880.....	March, '84.
Rushville.....	Stamp. Sec.....	J. H. Osborn, Pres..... Geo. W. Campbell, St'p. Sec.	Feb., '83.....	May, '88.
Richmond.....	Stamp. Sec.....	T. Hill, Pres..... John C. Hadley, St'p. Sec.	Jan., '83.....	Feb. 13, '83.
Remington .....	Ordinary.....	Robert Parker, Pres..... W. H. Wells, Sec.	Nov., '83.....	May 27, '84.
Rockport.....	Ordinary.....	A. D. Garlinghouse, Pres..... Henry Hoch, Sec.	Jan., '84.....	Jan., '84.
Rockville.....	Ordinary.....	A. K. Starke, Pres..... J. W. Brown, Sec.	.....	July 15, '84.
Rochester.....	Ordinary.....	Milo R. Smith, Pres..... John W. Smith, Sec.	1884.....	1884.
Shelbyville.....	Ordinary.....	H. Whitcomb, Pres..... G. W. F. Kirk, Sec.	Oct., '79.....	In print.
Sullivan.....	Ordinary.....	B. S. Wolfe, Pres..... Isaac H. Kalley, Sec.	Oct., '79.....	Dec. 1, '84.
Seymour.....	Stamp. Sec.....	Philip Laugel, Pres..... C. W. McNair, Sec.	June, '83.....	June, '83.
South Bend.....	Stamp. Sec.....	S. E. Carter, Stamp. Sec. Jacob Woolverton, Pres.....	Nov., '79.....	Jan., '84.
Thorntown .....	Stamp. Sec.....	Chas. M. Patch, St'p. Sec. Under Lebanon .....	.....	Feb., '83.
Tell City.....	Ordinary.....	J. Bollinger, Pres..... G. Huthsteiner, Sec.	1880.....	Rev. 1885.
Tipton .....	Stamp. Sec.....	E. B. Martindale, Pres..... C. W. Swain, Stamp. Sec.	Sept., '82.....	Sept. 29, '82. Rev. Aug., '85.
Terre Haute.....	Manager.....	B. F. Havens, Pres..... H. H. Boudinot, Manager.	1881.....	April, '85.
Union City.....	Stamp. Sec.....	L. D. Lambert, Stamp. Sec...	June, '83 .....	June, '83.
Vincennes.....	Semi-comp'ts.	S. N. Chambers, Pres..... B. M. Willoughby, St'p. Sec.	1880.....	In print.
Vevay.....	Ordinary.....	T. Livings, Pres..... L. F. Works, Sec.	1881.....	1883.
Valparaiso.....	Ordinary.....	S. R. Bryant, Pres..... T. A. Fisher, Sec.	1882.....	Aug. 1, '85.
Washington.....	Ordinary.....	James H. McCracken, Pres... Charles W. Thomas, Sec.	.....	1882.
Warsaw.....	Stamp. Sec.....	A. S. Miller, Pres..... John Brubaker, St'p. Sec.	Feb., '83.....	Feb., '84.
Winchester .....	Stamp. Sec.....	Seth D. Coates, Pres..... ....., Stamp. Sec.	1883.....	May 17, '83.
Windfall.....	Ordinary.....	Perry Behymer, Pres..... Charles Swain, Sec.	Feb., '85.....	Feb., '85.
Waterloo .....	Ordinary.....	William H. Leas, Pres..... D. A. Garwood, Sec.	April 5, '84...	April 5, '84.
Wabash.....	Ordinary.....	.....	1881.....	1881.

Mr. A. W. Spalding: I wish to submit a report.

The President—

Would you be kind enough to withhold it until the afternoon session.

(10)



Mr. Spalding: It won't take five minutes to read it.

The President—

It may provoke some discussion. All I am afraid of is the time.

Mr. Spalding: Just as the sense of the convention is.

On motion the report of Mr. Spalding was deferred until the afternoon session.

The President—

We will now have the pleasure of hearing from Mr. Abram Williams, the Manager of the Connecticut Insurance Company, of Hartford.

Mr. Abram Williams—

You have given me a topic that has obliged me to write something that will take at least thirty minutes, and it occurs to me from the hour of the day that I would like to defer it until after recess.

Mr. Spalding—

I move that we hear Mr. Williams on the re-assembling after our recess.

The President—

Why I did not suggest that was because the gentlemen are so slow in gathering. There are quite a number present now, and a good many have come in especially to hear Mr. Williams. If it is agreeable to him, I am sure that we would like to hear him at this time.

Mr. Williams—

As the article I shall read has been written, not for the underwriters, but rather following the suggestion of the President that I go over the heads of the underwriters to another audience, I have felt delicate about proceeding just at this hour, but I will defer to your wishes.

#### THE RELATION OF THE PUBLIC TO FIRE INSURANCE.

MR. PRESIDENT AND GENTLEMEN OF THE FIRE UNDERWRITERS' ASSOCIATION OF THE NORTHWEST :

We meet here in convention, in a commercial city, as representatives of a branch of commerce peculiar in its relations to trade, but without the benefits of which neither this city nor its trade could maintain its present importance.

We meet to discuss questions of importance to the successful prosecution of the branch of trade we follow, but the results of our deliberations may be important to every interest and industry in the whole country.

As manufacturers, dealers and agriculturists, we are already second to but few countries, and may soon lead all. We have the advantage of a variety of climate, soil and extent of country. We are in this last half of the nineteenth century making rapid strides. We have largely availed ourselves of the three essential conditions to trade, viz., means of transport, freedom of labor and exchange in the States, at least, and security. So long as these three go hand in hand, with freedom from unwise legislation, we will go on to the accomplishment of the grandest destiny, and the fullest profit that can be realized.

If, while prosecuting trade and building up extensive manufactories, piling up immense stocks of goods, and building vast warehouses for the storage and handling of grain, we neglect making them secure, we are by so much imperiling the fruits of our labor and will be periodically embarrassed. Or, if by unwise action, either one of the elements of trade overexact what is due from the other, we will cripple business to that extent. We meet to discuss one of the branches of trade—one which secures and makes certain the others.

Although insurance has gradually passed out of and beyond the class of mere benevolent institutions, and is now become a general business necessity, and is prosecuted as a business, it is yet impossible to always separate its character and its work from the first principles which originated and governed it. Its business nature is apt to be lost sight of in the midst of great calamities by fire, and being conducted by associations of men, under a corporate name, makes it the one source of hope to which all turn with the expectation that not even the limit of assets will limit the outflow of substantial relief.

The one great blow which befell this city in 1871 blinded the view to disasters at a distance, embracing the loss of private fortunes, resulting from an over-confidence in insurance investments.

If corporations were in fact soulless, this now beautiful and flourishing city might never have become what it is to-day. The owners of these corporations did not at that time abandon their post and leave the companies to the payment of what assets they were possessed of—a proceeding usually followed in other lines of business—and all that trustees of funds could legally be called upon to do, but they paid in new capital and assessed themselves still more roundly for a sufficient amount to pay in full every loss sustained by their companies. The comparatively few exceptions, and where some companies fell by the wayside, does not detract from the general statement, for in those cases the failure to pay was owing to other sacrifices made by the stockholders in their individual capacity as creditors, and whose insurance ventures had extended to too many companies, and the assessments made by so many had in consequence exhausted their fortunes.

The purpose of this paper, however, is not to deal with insurance from

the standpoint of an insurance interest, nor from a prejudiced position, nor to dwell too largely upon the philanthropy exercised in its benefits conferred, but to comply, if possible, with the invitation of your President to state what is and what should be

“THE RELATION OF THE PUBLIC TO FIRE INSURANCE.”

The public, meaning thereby the people of these United States; this public, “the heir of all the ages;” this boasted and boastful public, who inherit the education and the inventions of the past and have multiplied them, and who build and burn and rebuild cities with the magic of thought; whose civilization has made possible the wildest dreams of visionaries—has yet left far behind much of the care and prudence and justice that had otherwise made it possible for the people of these States to be considered among the most advanced of all that had preceded. The experience of the past has not been utilized. We present to-day the spectacle of a people grown careless of the very commonest principles of self-preservation. We seem to be engaged in the business of destroying what we for a time so diligently gathered.

The unnecessary and heedless waste of twenty-five per cent. of the earnings of the people through fires, has so depleted and demoralized branches of trade, that there is no wonder at the stoppage of mills and work-shops and foundries, nor at the gathering of unemployed workmen upon our streets. It is not for this body, nor for underwriters, to be alone in the study of what produces hard times. Statesmen, merchants, students in political economy, should engage in this work. The public should know that the too rapid distribution and division of wealth, to let alone the absolute destruction of so much of it, dries up and stops the industries of the people. Prejudice against capital and capitalists has had much to do with it. It is in the nature of things that some must lead and others follow; that some must employ and others be employed; that capital must concentrate in order to be of use, and that where individuals cannot and dare not assume the whole risk of certain enterprises, then capital must be gathered together by an aggregation of owners, which gathered capital we call corporations.

The rapidly increasing number of consumers in our country, and the expense incident to the payment of a debt which twenty years ago amounted to nearly three thousand millions, and which yet remains at over half that sum, and which reduction, it is claimed, has cost the people to collect twice over the original amount, has produced a drain upon the resources of the country which will require the closest economy to rectify. Some portion of this money, however, gets back into a circulation which helps to move the wheels of commerce, but we are rapidly consuming by fire a large part of our substance, and are gradually growing weaker and less able to stand the united drain.

We are burning out of existence and circulation values in taxable property that, if preserved, should help us in this national work of payment—values that in every fifteen years equal our present national debt. We are drifting towards absolute bankruptcy through disturbances of capital caused by fires, in which procession we have in the last ten years sent two hundred and four insurance companies in advance of us.

In the art of building, the solid and substantial structures of old have given place to light walls, whose flashy fronts often hide and blind the eye to real defects. Selfish interests often break down the rules and laws, so that extra hazards of all kinds are creeping into our midst, exposing us to conflagrations. It is with the greatest difficulty that fire-limits in cities can be established and maintained, or the size, or height, or construction of buildings controlled. The work of insurance men in attempting to procure the enactment of proper building laws, and in establishing proper fire departments and in enlarging water supplies, is more apt to be impeded than aided by the public. So also the public who read with alarm the proceedings of workmen, whose probably honest endeavor is to get work, and at paying wages, are blind to the questions involved. The attention of the public is more directed to the noisy non-worker, the blatant communist, who takes advantage of every demonstration made by workmen, to gather in mass and blate about the destruction of or distribution of capital.

The capital of the country is indeed being distributed and absorbed and destroyed with a rapidity that is alarming, through the

#### FIRE WASTE

going on daily, and which waste is largely preventable through proper action on the part of the public. During 1884 there was burned, in the United States, property of the value of one hundred and ten million dollars. This was not an exceptional year. There were no conflagrations of cities which caused the loss, but it was the daily and hourly repetition of the work of destruction that has been going on here for years.

#### THE CHRONICLE FIRE TABLES,

which are published annually, and which should be in the hands of thinking men who have the public interest at heart, gives the statistics to which I shall refer in this paper. 1883 gave \$100,000,000 up to the flames. 1882 figures up \$84,000,000, and so we follow back the burned and blackened waste to 1875, which shows that it gave up \$78,000,000 to the carelessness, indifference and crime of the year. Not even the example of Buddensiek, nor the loss of five hundred lives by fire during 1884, produces any additional care. The aggregate fire waste for the past ten years, in the United States alone, amounts to \$803,605,448 — \$443,669,913 of this was gathered in from the public at large through insurance premiums, and redistributed to the immediate losers. Over one hundred and fifteen thousand fires were kindled to make up this loss, of which, during 1884, 1,769 were directly

traced to incendiarism, 1,940 to unknown causes, 771 more traced to defective flues, and 566 to stoves and lamps and gasoline.

In this general rush towards destruction, and during the past ten years, saw and shingle mills contributed 2,434; paper and pulp mills, 339; printing establishments, 1,247; lumber yards, 769; liquor stores and saloons, 3,356, nearly one a day for the period, and in the past year two a day; flour mills, nearly one a day for the past year, and a total for ten years of 2,030. There were 353 furniture and upholstery establishments, 385 drug stores, 138 churches and 540 hotels burned in 1884; indeed, hotels have somehow fallen into the habit of a daily loss, for they show a total of 3,887 for the ten years.

This hourly, daily, monthly and annual loss of property is frightful, and with such a drain upon the resources of the country, it is no wonder that the people grow poor, that capital grows timid and that manufacturers reduce wages.

Speaking of the national fire loss, a Detroit paper says: "These losses are absolute; there is nothing left for them but ashes and smoke. Unquestionably these enormous fire losses add to the prices of everything we buy; they add to the cost of doing business in this country; they diminish our profits so much; they increase our taxation; they are a monstrous factor in all our hard times. If these losses were abolished, the United States could compete with Europe in manufactures and commerce by \$100,000,000 a year more capital and cheaper prices. Abolish these losses and we would become masters of the world's industry and business. Abolish these losses, and in ten years the country would be more than a thousand millions of dollars richer than it will be if they continue. These losses can be abolished almost entirely by proper methods of building; at least, they can be reduced to one-tenth their present dimensions, with a corresponding reduction in insurance and fire-protection taxation. If these enormous fire losses were saved, the added wealth of the country would soon give us not only decreased taxation, but almost everything which the country now most needs in public improvements. Living could be made cheaper; better wages in proportion would reward labor; in short, we should all be better off in every way by the saving of \$100,000,000 a year to the general income of the people."

Frightful as this loss is, we are told that the *Chronicle* tables do not include the forest fires, which are of annual occurrence and of appalling magnitude, nor do they include the whole number of fires on farms, which, from the nature of the business, cannot be fully reported and included in the absolutely fixed reported fires, that alone are included in the municipal reports made use of.

This immense loss by fire, the record of which is dealt out to us daily, is so treated by the public that attention is not called to the consequences. People read of the fire—read that it was insured—congratulate in their minds the immediate and first sufferer without giving a thought to the fact

that ultimately they, themselves, will have to share the loss. If insured, then insurance money may rebuild the property, but the insurance money has to be gathered in from that portion of the public whose property has not burned. What if money has been expended in replacing the old, does that make the loss good? It may, perhaps, to the individual and first sufferer for the time being, but the public sustains the loss and the value is beyond recall. The public, whether property owners or not, must pay the losses—owners of property pay by increased rates, and to a workingman it means being thrown out of employment and increased cost of living. Besides those who owned the mills and work-shops and business properties destroyed, others suffer by the stoppage of industries that are affected by so much loss of the capital of the country and by the loss of confidence occasioned by it.

The workingman's remedy for hard times does not, nor cannot come from fires; nor in carelessness towards the property of others; nor from strikes, liable, as they are, to be aided by communists; nor in impeding the business of employers. That is a sort of "stand and deliver" remedy, and is temporary. His protection and advance will come through a preservation of property, and through a profitable and uninterrupted business of his employers, and in no other way. The *Chronicle* tables have called attention to the average cost of fires to the following list of risks burned during the past year:

20	Agricultural implement factories,	-	Average each fire, \$43,808
63	Agricultural implement and seed stores,		" " 8,432
217	Bakeries and confectioneries,	- -	" " 2,679
2602	Barns, granaries and stables,	-	" " 1,463
42	Boot and shoe factories,	- -	" " 17,509
224	Boot and shoe stores,	- - -	" " 2,545
40	Breweries,	- - - -	" " 12,872
158	Carriage and wagon factories,	-	" " 5,161
138	Churches,	- - - -	" " 5,011
224	Clothing stores,	- - - -	" " 5,795
73	Cooperage,	- - - -	" " 8,136
303	Cotton-gin houses,	- - - -	" " 2,022
44	Cotton goods factories,	- - -	" " 28,095
1105	Country and general merchandise stores,		" " 5,215
26	Court houses,	- - - -	" " 19,621
385	Drug and chemical stores,	- -	" " 3,921
42	Drug and chemical works,	- -	" " 27,208
481	Dry goods stores,	- - -	" " 3,517
7074	Dwellings,	- - - -	" " 1,596
305	Flouring, grist and oat-meal mills,	-	" " 12,351
181	Foundries and machine shops,	- -	" " 12,175
141	Furniture and upholstery factories,		" " 12,202

212 Furniture and undertakers' stores,	-	Average each fire, \$6,575
62 Grain elevators,	- - -	" " 14,985
878 Grocery stores, retail,	- - -	" " 2,485
29 Grocery stores, wholesale,	- - -	" " 17,816
215 Hardware stores,	- - -	" " 6,475
540 Hotels,	- - -	" " 7,979
728 Liquor stores, retail and saloons,	-	" " 1,419
242 Livery, hotel and training stables,	-	" " 2,979
164 Lumber yards,	- - -	" " 20,023
56 Paper mills,	- - -	" " 22,519
213 Printing and publishing establishments,		" " 3,066
116 Railroad depots and station buildings,		" " 12,061
10 Rubber factories,	- - -	" " 73,727
336 Saw, shingle, stave and shook mills,		" " 9,555
21 Soap and candle factories,	- -	" " 29,525
50 Tanneries,	- - -	" " 22,254
63 Theaters and opera houses,	- -	" " 19,155
133 Vessels at wharves and on rivers,	-	" " 9,911
28 Cotton warehouses,	- - -	" " 20,052
9 Liquor warehouses,	- - -	" " 57,788
43 Woolen mills,	- - -	" " 25,455

Probably not all, but most of these fires could have been prevented. The destruction of this property threw thousands out of employment, and keeps them out, because in many cases it has been impossible and is unprofitable to rebuild.

The loss does not stop here, for the places where some of these risks were located have been permanently injured through the stoppage of work. The public will some day see that it has an interest in exercising greater care, and that the resultant loss by fire falls upon them. What remedy does the public at present propose? Insurance? What encouragement does it offer to the insurance capital that differs from the past? Will greater care be exercised or less taxes imposed upon insurance capital?

What position does the public occupy? If we are to judge by the attitude of State legislatures, or of the courts, the relation of the public to insurance is one of hostility. An unreasonable prejudice exists against corporations, and as to the contract in use, the terms of which all underwriters know are most liberally construed to honest men, with honest claims. Any one having a desire to ascertain the truth will, by a little investigation, find that scarce one claim in one thousand is disputed, and less than that per cent. ever gets before the courts. No one contested claim, however, is so outrageous but what the courts, and juries, and the public, seem ready to give a verdict against the insurance company before the case is fairly heard. Every one knows that the actual act of setting fire to property is seldom seen, but cases come before insurance companies that leave no

doubt as to the crime. The proof would be sufficient for the public, were no insurance involved. Insurance companies, however, are the victims of the prejudice attaching to corporations. They are precluded, under the strict and partial application of the law, from making the real proper defense known, and therefore must resort to the conditions in the contract which may have been otherwise voided by the claimant—defenses that would not be strictly maintained in cases of honest and proper claims. This same prejudice is taken advantage of by the claimants in other cases, where values are unreasonably augmented, in order to cheat and make more of a claim than the party is honestly entitled to receive. In such defenses, insurance companies are met with the cry of technicalities. Pray, who instigated the technicalities? It was the courts who made rulings that none but a technical mind would have thought of. One judge lately ruled that furniture named in the policy as being in a dwelling situated where the rate was low, was still insured, though removed, without notice or consent, to a location that was absolutely uninsurable. Other cases familiar to insurance men can be cited by scores. No wonder insurance men from time to time added conditions to policies to cover such decisions, and no wonder that time and such rulings have spun out the contract to its present size, but for all such misjudgments, every underwriter knows, and claimants know, that daily the utmost liberality is used in all offices, and that thousands are paid where technical retaliation would stop the payment.

I shall not take the time to discuss the question this thought leads to. This paper is not to treat upon contracts nor forms of policies, nor to state what is the relation of insurance to the public. It will serve my purpose to merely call attention to the fact of prejudice, and no matter how it originated, whether from some ill-advised adjustments or not, it exists and must stop, or the business will assume such a position as to destroy its usefulness. If insurance is a necessity in aiding the public, then the public must protect it. The public must see that their representatives in legislatures do not add to the embarrassments by the passage of laws in the interest of house-burners, and must see to it that unequal and unjust taxes are not imposed. The amount of money paid into the State to its burned-out citizens should not be taxed, or it will teach companies to pay in that direction as little as possible. Special taxes exacted from fire insurance companies for the support of fire departments, whether by licenses or percentage, should never be required. Such tax is no more proper than would be a special tax upon physicians to help defray the expense of sanitary work. The taxes should be confined to the same plan and same per cent. as is paid by other business, and only upon what is left after deducting the outgo paid into the State.

Such laws as valued policy ones should be rescinded in the States where such laws are in existence and the agitation of them stopped in other States. In the States that have tried them the losses to insurance companies have



nearly doubled, and the fires have also caused the destruction of adjacent and often uninsured property to an alarming figure. In the State where the first valued policy law was passed, the Insurance Commissioner, in his official report for 1879, makes the following remarks:

"If the estimate of incendiary losses is correct, then over \$330,000 was paid by the people of this State through insurance companies last year to those citizens of the State who proved the most unscrupulous and dishonest. This is an enormous burden to be laid upon the people of the State for such a purpose, equaling nearly one-half of the State tax, and should lead them to consider the way of escaping it. The law imposing obligations on the companies alone has doubtless caused them to be more careful in the selection of their risks and the amount of insurance granted. But this is offset by the increased ingenuity displayed by the unscrupulous in obtaining over-insurance through deception and all other means short of those which would actually vitiate the insurance. The Supreme Court, while sustaining the law, recognized the presence and danger of this temptation in the following language: 'Where property is insured above its value, a strong temptation is presented to an unscrupulous and dishonest owner either to intentionally burn it, or not to guard and protect it as he ought. Not sharing with the risk of the insurer, it is for his advantage that it be destroyed, and it often is destroyed with other property, when it would not have been but for the fact of such excessive insurance.' It cannot be doubted that this law increases the losses to insurance companies, and any burden of this nature laid upon them is by them laid upon the people, from whom the money is derived for the payment of losses. The interests of honest people and honest companies are identical, and what is needed are such wholesome laws as will make it impossible for dishonest people and dishonest companies to profit by their dishonesty."

Other State officials, in giving their reports to the States, have used equally strong language.

The New York Chamber of Commerce put forth a remonstrance to the New York legislature in the following words: "The Chamber of Commerce respectfully but earnestly remonstrates against the passage of assembly bills numbered 624 and 625, and against any and all other bills containing provisions of a kindred character. Both of these bills contain such provisions respecting the adjustment of losses by fire insurance companies as will, if they become legal enactments, tend to increase the crime of arson, to encourage the perpetration of frauds, to enhance greatly and improperly the amounts of losses to be paid by insurance companies, and lead not only to a degradation of public morals, but also to an increase of the burdens of honest citizens, by involving their property more frequently in destruction by fires caused by incendiaries, and by making it necessary to pay such greatly increased rates of premium for insurance as will be required, under such circumstances, to pay the increased losses."

This is the opinion of thoughtful men who have grown up in a business world and who take note of all that affects property and values and expenses; men who watch the course of trade, and who study into the relation and proportion of fires to failures; men who have learned that business depression, whether collectively or with individuals, places a strong temptation to seek relief through the midnight and silent torch. If the fires caused by incendiarism could be confined to the interested parties it would be bad enough, for such losses have been found to be 30 % of the fires, but it is found that 28 % of the fires were from exposure, and many of them were the result of the incendiary fires adjoining.

In Michigan, where the fire loss upon saw mills and wood-working establishments had been heavy, so much so, as to suggest a more fair adjustment of rates upon property in that State, the wood-workers and mill-owners besought the legislature to pass a law prohibiting such work of equalization. In other words, the farmer and merchant members of the legislature were cajoled into favoring a system that would take a portion of the proper rate off from the special hazards where it belonged, and add the shortage caused in premium income to their own lower rates upon less hazardous property. These designing men knew that a State that gives a loss ratio to premium receipts alone of an average of 80 %, amounting in 1884 to nearly two and a half millions of dollars, and mostly caused by lumber and mill fires, ought to make a proper return to insurance companies for insuring such property, but they sought to prevent the insurance companies from counseling together as to the proper adjustment of rates—a tyranny that, if successful, would result in making insurance cost the innocent more and the guilty less.

*It may yet be necessary, should States carry out such a purpose of interference, for insurance companies to get a proper and uniform rate from some of the insurance press, or other source, who have had the means of consulting statistics, and who could probably be induced to furnish rates to subscribers on a pledge not to discredit the tables by a variation of the standard.*

Insurance, to be of service to all, must be mutual in its application of benefits. It is a business that requires the best thought of the public. The prime consideration must be good faith and fair practices on the part of both the insured and the insurer. It is not for the best interest of insurance, nor does it yield a greater profit, to raise the rates to an exorbitant figure. Increased rates on general property mean a reduction in premiums on the best, and an additional loss on the poorest risks. No part of the public understands this better than insurance men, and the general public misjudge them when they think there is an effort in that direction. Insurance cannot afford the discrimination that would be caused by too high rates.

#### WHAT IS NEEDED,

in the interest of the public who seek safety at the least cost, is a healthy public opinion, free from prejudice or animosities, such an attitude as will

give and invite fair treatment, equal and just taxation, good building laws honestly enforced, proper fire departments and water supply, and the abolishment of all valued-policy laws which enable a man to obtain a profit on his own fire loss.

The authorities should appoint fire coroners, or other proper officers, whose duties should embrace the investigation of fires, and insurance companies should be prevented from settling a loss until such legal inquiry was had. Insurance companies should be prevented from paying, under sixty days, any loss on property in which the fire originated, where the cause of fire was unknown.

When these things take place, and risks are improved, then rates will assume the low standard prevalent in many of the older countries. In some of the countries of the Old World the public seem better informed as to the proper method of reducing the cost of insurance. In some, the government takes the whole charge of it, a plan lately proposed by Bismarck. In the canton of Zürich the government assesses a ratable tax upon all property to meet the fire loss. The people are encouraged to look for lower tax following a lessening of fires. Under this system all work for the lower tax, and all are interested in preventing the starting and the spread of fires. Here, insurance companies are engaged in the same effort, but have to work amid the prejudices of the ignorant and the designing.

The public may yet learn that the formation of associations among insurance men means not higher rates, for those insurance companies cannot stand, but it means an equalization of rates according to risk; that it labors for an improvement of risks, and consequently lower rates upon property in the hands of careful men, which in that case would yield a greater profit.

The topic assigned me by your President is a weighty one. None know the importance of dealing with it rightly more than I, and none can be more conscious of leaving unsaid many important truths. I have not sought to correct the public on its errors as to the results of the business in the way of profit. That can be stated in other papers to be submitted to you; and besides, I have only sought to engage the attention of the public from a standpoint of a public interest, in the hope that the public, in its future relations to insurance, may be disposed to treat the subject fairly.

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Mr. C. E. Bliven, from the Committee on Resolutions on the death of Geo. T. Hope, submitted the following report:

#### REPORT OF COMMITTEE ON THE DEATH OF GEO. T. HOPE.

MR. PRESIDENT AND GENTLEMEN:

In every walk of life there are some who stand out among their fellows as leaders. Such a man was the late Geo. T. Hope, for many years

In Memoriam.

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1885.

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George G. Hope,

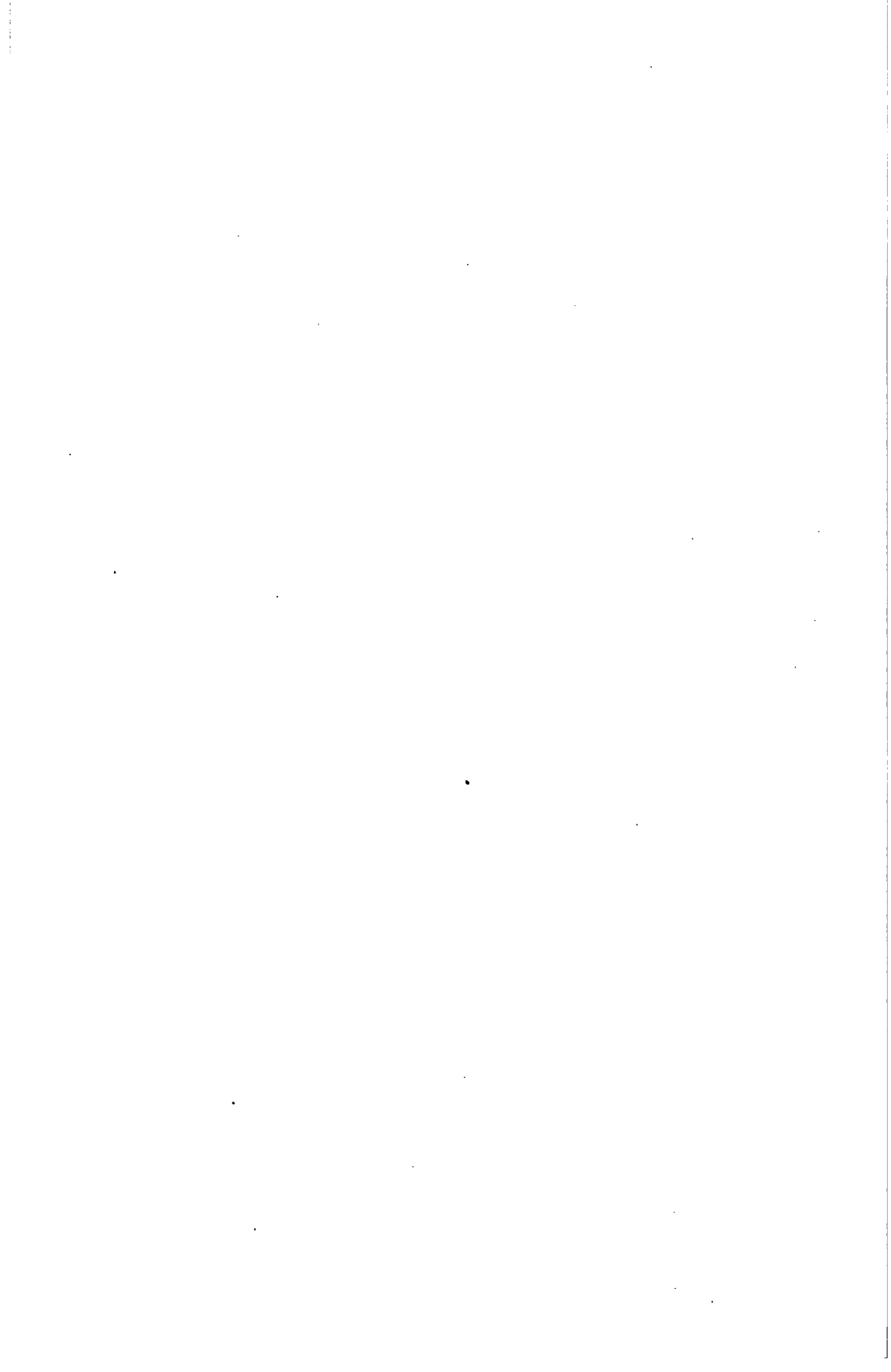
Bay Ridge, L. I.,

President Continental Ins. Co., New York.

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Died July 27th, 1885.

Aged 66 Years 10 Months.



president of the Continental Insurance Company of New York. He was always in the advance in every movement relating to the progress of fire underwriting. Fearless in his advocacy of such measures as he thought would best promote the great interest of which he was a most prominent exponent, and with a talent of not only thought, but of speech as well, he rarely failed to convince and secure the coöperation of his associates.

He always had a lively interest in the progress and prosperity of this Association, and honored it by delivering the Annual Address at our tenth or decennial annual meeting.

Standing in the shadow which has fallen upon fire underwriting, this Association, his company, and upon his family, the mind passes rapidly in review the career of a man who, by his own inherent force of character and talent, rose from a subordinate position to the highest official grade in his chosen profession, making for himself a national reputation, and challenged the respect of his co-workers throughout the whole country.

In his death the profession of fire underwriting has suffered an irreparable loss, and a void has been made among his thoughtful associates which the near future will not be able to fill.

We place upon record this expression of our respect, and recommend a memorial page in the Proceedings of this meeting.

C. E. BLIVEN,  
ABRAM WILLIAMS, } *Committee.*  
JOHN HOWLEY,

Mr. Underwood—

I move that the resolutions be received and adopted.

The motion was carried.

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The President announced the following members as a committee to nominate the members of the Executive Committee for the ensuing year: J. G. Finnie, C. W. Potter, W. J. Littlejohn, J. B. Bennett and A. W. Spalding.

Mr. H. H. Hobbs—

I move we adjourn until 2 o'clock sharp.

The motion was carried, and the convention adjourned to 2 o'clock P. M.

## AFTERNOON SESSION.

## The President—

Before proceeding with the regular order of business set for this hour we will hear the reports of some committees which have not yet completed their work.

## REPORT OF COMMITTEE ON THE SUBJECT OF THE COLLECTION OF STATISTICS.

## Mr. A. W. Spalding—

The committee to whom was referred the subject of the formation of a Committee of Managers, for the purpose of obtaining from the companies their individual experiences in premiums and losses for each year and aggregating them for publication in our Annual Proceedings, has had the same under consideration and beg leave to report as follows:

## I. Have a Committee of Managers within this jurisdiction.

I would recommend for chairman of this committee—it is a very important one, and one that will have to be very influential in order to get companies to report to the commission—I would recommend that our venerable and experienced friend, George F. Bissell, of the Hartford, be made president.

II. Prepare a blank, uniform in character, based upon the two systems of a re-insurance reserve: the legal requirement of a 50 % of the net annual premiums, and a 90 % upon the term risks, showing the effect of *this plan* upon the increase and net decrease of the net surplus, and the results of the business of each company, based upon the actual *unearned premiums* of such company. This plan will show the companies and the legislatures and the insurance superintendents that the present system of compiling the actual amount for re-insurance is a *legal fiction*, and does not show the *actual financial standing* of the company whose capital is said to be impaired 25 %.

III. Pledge the Association to keep in *good faith* all reports in the strictest confidence, each company to forward to the Secretary all reports received, to be compiled in one grand aggregate, and to be reported to this Association at each annual meeting, and read as a standing committee report, and to be published in the Proceedings of the Association.

IV. Furnish the companies with duplicate blank forms annually, on October 15th of each year, so that figures can be compiled when the annual statements of the companies are being made up.

V. Have all work done under a committee of three influential and able members of this Association, who will command the confidence of the companies, and destroy the originals of each company, or return them to the companies when used.

VI. The Association will bear the expense of this work if the companies cannot audit the payments, to be met by them as a corporate expense.

VII. The Secretary is requested to forward immediately to the several companies doing business in the West a copy of this resolution, and request an answer thereto, and he can state in such submission that the word of the Association is pledged to the company that no disclosure shall be made of any experienced table of such company, the object being to collect an annual experience of the Western States, by each State, of the actual loss and the actual profit made by the aggregation of companies doing business therein.

It has been claimed that this Association is organized more for social than for useful purposes. I think that we should raise the dignity of this Association very greatly in the eyes of officers of companies, if they see that among our theoretical essays we have got down to the practical work of trying to ascertain just where the profit is to be found in our business. I know of no more useful process of performing that duty than to urge the companies to furnish these reports, and let them be compiled and published with our Proceedings. Then they go all over the world. The Western business is not like the Eastern business, and yet in England they will cover the whole territory and say the American business does not pay. If only a dozen companies respond the first year, we shall get more the next year, when they see what we have accomplished. Therefore I submit this report.

On motion the report was received.

Mr. E. A. Simonds: I move it be adopted.

Mr. Geo. W. Hayes—

That is now before the house. I would like to ask if it is the intention of Judge Spalding to go outside of the Association for members of that committee?

Mr. Spalding—

No, sir. I should say, my understanding was that it was to be Managers of such companies as are members of this organization.

Mr. Hayes—

I would suggest that the name of Mr. W. B. Cornell be substituted in place of Mr. Bissell, who is not a member of the Association.



Mr. Spalding—

I think that if we put on Mr. Bissell, you will have all the Hartford companies responding; if not, you won't.

Mr. Hayes: He is not a member of the Association.

Mr. Spalding—

He has always attended our Association, and looks kindly upon it.

Mr. Hayes: Only once, that I remember.

Mr. Spalding—

He will accept it, I have no doubt, if we honor him with it.

Mr. D. S. Wagner—

I second the motion to put in Mr. Cornell as the substitute.

Mr. Spalding—

I have no objection at all. I will withdraw any recommendation as to Mr. Bissell. The only point was, it is very important to us to get the Hartford experiences, and I do not believe we will get them if Mr. Bissell is not on that committee.

The President—

Will you accept Mr. Hayes' amendment then without a vote?

Mr. Spalding—

I will suggest this: that Mr. Cornell be made chairman and that Mr. Bissell be one of the committee.

The President (to Mr. Hayes):

Do you accept that in that way, without going into a formal vote?

Mr. Hayes—

I appreciate the desirability of having Mr. Bissell upon that committee, if he were a member of the Association. I do not think it is right for this Association to go outside of its numbers to get members of that committee. If Mr. Bissell will become a member of the Association, I should be very glad to have him on that committee.

Mr. D. S. Wagner—

We have a Manager, Mr. Williams, and I will suggest that Mr. Williams be substituted for Mr. Bissell.

Mr. R. B. Carson—

I believe that the motion is for the adoption of these resolutions. It has nothing to do with the appointing of the chairman. Would it not be well enough to talk about a chairman after we have adopted the resolutions?

Mr. Hayes—

But the Judge made it a part of his resolutions that the gentleman named should be chairman of this committee.

Mr. E. A. Simonds—

As I understand the matter, the committee reported that the Chair should appoint this commission of ten members, and the Judge simply suggested that Mr. Bissell should be chairman of that committee.

The President—

May I inquire if you consider the appointment of the chairman as a part of your resolutions, or was that merely a recommendation?

Mr. Spalding: Only a recommendation.

The President—

Then, gentlemen, we can act upon the resolutions without considering the name of the chairman.

Mr. Spalding—

I would not presume to name any of the members of the committee, except that they should be Managers of companies.

The President—

Then it will be perfectly proper to take action on the resolutions.

The resolutions were then adopted.

The President—

Now, how will this committee be appointed?

Mr. Spalding: By the Chair.

The President—

Is it desirable that the committee be appointed at this time?

Mr. Spalding: Before we adjourn.

The President—

We will appoint the committee, then, before we adjourn.

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Mr. R. B. Carson, from the Committee to report Resolutions on the death of T. W. Johnston, submitted the following resolutions, which were unanimously adopted:

# REPORT OF COMMITTEE ON THE DEATH OF T. W. JOHNSTON.

CHICAGO, ILL., Sept. 24, 1885.

MR. PRESIDENT: Your committee to give expression to the sentiments of this Association on the death of our late associate, Col. T. W. Johnston, State Agent for the Sun Fire Office, beg leave to report:

WHEREAS, In the dispensation of Divine Providence our brother, Col. T. W. Johnston, was called from this Association and his friends by death on the 8th day of September, 1884, and although his membership in this Association was of short duration, yet during that time his sterling worth had endeared him to those of us who knew him best.

Resolved, That in his death this Association has lost one of its most honorable and useful members, and we mourn his loss to this Association as one cut down at the noon-day of life, and to his family and friends we extend our sympathy and condolence.

E. A. HOUGH, }  
R. B. CARSON, } Committee.  
W. H. SEIDERS, }

The Secretary then read the following communication:

CHICAGO, Sept. 23, 1885.

J. L. WHITLOCK, *President of the Fire Underwriters' Association of the Northwest, Chicago, Ill.*

DEAR SIR: I am instructed by the National Insurance Convention, assembled in the parlors of the Leland Hotel, to acknowledge receipt of your communication inviting this convention to meet with your Association and participate in your discussions, and to tender through you to your Association the sincere thanks of this convention for the courtesy extended.

I am also instructed to extend to the Association over which you have the honor to preside, a cordial invitation to be present at the meetings of this convention, and participate freely in its deliberations.

Very respectfully,

CHAS. P. SWIGERT,  
*Sec'y Nat. Ins. Convention.*

Mr. W. F. Fox—

The committee on that section of the President's Address referring to Contingent Commissions should have reported this morning, but the time was taken up with other matters. If the convention is prepared to receive it now, it will be offered.

In Memoriam.

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1884.

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G. B. Johnston,

Marshall, Michigan,

State Agent for Illinois of the Sun Fire Office.

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Died September 8th, 1884.

Aged 46 Years.



## REPORT OF COMMITTEE ON CONTINGENT COMMISSIONS.

MR. PRESIDENT : The committee to which was referred that part of the President's Address relating to Contingent Commissions to Agents, begs leave to report that the views so admirably presented in the address on this subject meet its hearty approval, as embodying the proper method of compensating Local Agents. It is gratifying to have this question brought so directly to the attention of the members of this Association, who are to be congratulated on having the opportunity to consider and discuss a matter of so great importance in the business in which they are engaged, and in the success of that part of the labor committed to their care, namely, the building up and sustaining profitable Local Agencies.

That plan of compensation which is best calculated to promote the success of companies, is in the end best calculated to promote the success of agents also, for their interests are, or should be, measurably identical, and no other method involves their reciprocal interests to the same degree as contingent compensation. The best service is obtained where responsibility is divided, and where mutual care is required as between the employer and the employed, or where the question of profit and loss is one of mutual diligence.

The contingent commission plan invites and secures greater efficiency and watchfulness on the part of agents in the selection of risks. The better are selected, the poorer are rejected; if not for good underwriting reasons, they are for the contingent commission involved, for every insured risk that burns reduces the contingent compensation of the agent. Not only is the selection of risks affected by the contingent plan, but their inspection as well, for the frequent and careful inspection of risks *after* insuring them becomes a matter of some interest to the agent, who is prompted by this plan to watch his risks with a keener eye to guard against probable loss. And for the same reason that a bad physical risk would be rejected by the prudent agent, one involving suspected or possible moral hazard would be rejected also, and hence, under this system, the tendency to refuse bad risks, where physical or moral hazard appears, would be greatly increased on the ground of self-interest, or that of dollars and cents in the contingent profits.

This plan, if adopted, would secure the best quality of risks, and would also secure the most careful inspection of them, and each Local Agent would become a supervisor of his own business, which would undoubtedly result in a marked reduction of losses, which would sensibly affect the financial standing of companies and the cost of insurance to the assured.

Respectfully submitted,

W. F. FOX,  
ABRAM WILLIAMS, } *Committee.*

[This report was submitted by two members of the committee, the third not signing it.]

Mr. T. W. Letton—

I move that we adjourn to meet in the room across the hall. It is almost impossible to hear here.

Mr. Underwood—

Hadn't the gentleman better come up near the front seats, near the anxious seat, and then he would be able to hear.

The motion was lost.

#### REPORT OF COMMITTEE TO RECOMMEND AN EXECUTIVE COMMITTEE.

Mr. J. G. Finnie—

The committee on nominating the Executive Committee for the ensuing year would beg leave to report and put in nomination the following gentlemen:

Illinois, W. R. Freeman, of Chicago; Missouri, H. P. Gray, of St. Louis; Ohio, J. A. Weinland, of Westerville; Minnesota, H. P. Hubbell, of Winona; Wisconsin, William L. Jones, of Milwaukee; Colorado, Anthony Sweeney, of Denver; Michigan, E. A. Hough, of Jackson; Kentucky, James C. Johnston, of Louisville; Indiana, H. H. Walker, of Indianapolis; Kansas, H. C. Stuart, of Kansas City, Mo.; Iowa, D. W. Burrows, Des Moines; Nebraska, J. B. Rowley, Omaha.

#### AT LARGE.

John Howley, A. Williams, E. A. Simonds, H. C. Eddy, and J. O. Lee, all of Chicago.

Mr. Underwood—

I move that the report be accepted and adopted.

Mr. Geo. W. Hayes—

Allow me to ask, are all the gentlemen in nomination members of the Association, and are their dues paid for the last year? I believe in the seven years that I was Secretary—I merely mention this as a fact—that the Committee on Nominations had one or more gentlemen nominated for members of the Executive Committee who were not members of the Association, or who had dropped out. I would like to have the Secretary advise us in the record if these gentlemen are all eligible.

The President—

While the Secretary is looking for this information, we could hear the reports of any other committees which are ready to report at this time.

Mr. Underwood—

Was the report offererd by Mr. Fox adopted?

The President—

Yes, sir—no, I am advised that that was not voted upon—the report of Mr. Fox. While we are waiting for the Secretary, we will take a vote on the report made by Mr. Fox. I do not know whether any motion was made to receive and adopt the report.

Mr. R. B. Carson—

I move that the report read by Mr. Fox be received and adopted.

The motion was carried.

The President—

As there are no other committees to report, and some little time may be consumed by the Secretary in securing the information asked for, perhaps it would not be out of order to defer action upon the resolution until a little later. We can proceed with other business. The business set, especially for this hour, was that of election of officers for the ensuing year. Nominations will now be in arder.

#### ELECTION OF OFFICERS.

Mr. T. H. Smith—

I wish, sir, to place in nomination here this afternoon the name of a gentleman whom I think we can all afford to honor in this way. But before naming him, I want to go a little into history. Fifteen years ago the demoralization in Ohio and Indiana was very great. A few of the agents who were representing the companies got together and issued circulars calling for a meeting in Dayton. Some twelve or fifteen responded, and from that little gathering of twelve in the parlors of the Phillips House has grown this Association. As the Secretary has said, we have 279 members. Of the 279 members only five of them were at that first meeting, and some of those, I presume, are practically out, from the fact that they have not paid their dues for the last year, leaving, I think, but three in active membership of those who started. Of those who started, one gentleman has been with us through prosperity and through adversity, for it has not been all plain sailing by a large majority, as some of us know to our cost. There have been times when it seemed as though this Association was ready to run on the rocks. At such times, the member to whom I refer has been ready with counsel, with advice, with papers when our programme seemed impossible to be completed, and he has stepped in ready and lent a helping hand to fill the breach. To-day we shall honor ourselves if we honor him by making him President. I place in



nomination to-day for the office of President for the ensuing year the first signer of the first circular that called the first meeting out of which grew the first organization of this Association, William F. Fox.

Mr. A. W. Spalding—

Before any other nominations are made, I should like to state, from my own experience the last twenty years, why I heartily second that nomination. There has not been a session of this Association, from its original meeting in Ohio, that Mr. Fox has not attended and taken a very efficient part in the proceedings. There is not a volume of the Proceedings of this Association for sixteen years that does not contain interesting contributions from his pen, and very thoughtful and considerate suggestions for the improvement of fire underwriting. He has done as much as any member of this Association in lifting into a world-wide reputation this organization of the Northwest. I heartily second his nomination.

The President—

Are there any other nominations?

Mr. C. W. Potter—

The speeches of the two latter gentlemen are a little "Foxy," and I would not for one minute say a word against our friend Mr. Fox. But I wish to present to the convention the name of a better man—a man who has been a member of the Association, not from its organization, but for several years. He has contributed many valuable papers, been a hard worker, and done as much to keep up the Association as most of the members, as most any member in it. I will grant and admit that there is no member who has done more than Mr. Fox. I would place in nomination the name of Mr. I. W. Holman, who, when Mr. Cornell was elected President, was the strong candidate, and for the sake of harmony, not wishing to crowd himself at all to the front, stepped one side and seconded the nomination of Mr. Cornell, and made the motion to unanimously declare him elected.

Mr. H. H. Hobbs—

I take great pleasure in seconding the nomination of Mr. Holman. He needs no eulogy at my hands, if I were able to give him one. He is known to all of us. I heartily hope that the Association will give Mr. Holman the appreciation, and confer upon him the honor of electing him President of this Association.

Mr. J. G. Finnie—

It seems to me that sometimes in the past we have acted a little hastily in electing our Presidents. There is nobody here present, I presume, no member of this Association, but who appreciates that it is a

matter of the greatest importance to us to have a proper man to preside over us. We are gathered here to-day purely as representatives of that portion of the insurance canine known as the tail; in other words, the great West and Northwest tail, which is growing into such large proportions that it has almost already begun to wag the dog. I believe Mr. Hine is to tell us later on how it is to be done. I do not know whether that is his line of argument or not. We recognize the fact, of course, that this Association is the oldest one of its kind now in existence. We have never had a rupture, and we have kept together in concord and peace. No man can look at our long list of Presidents there, from Marshall down to our present esteemed incumbent—to whom we owe a great many thanks for his work in getting up so successful a meeting as this—but what appreciates the fact that we must have to preside over us a man who is a representative man of this Association, who combines in himself the executive ability which will enable him to lay out the work properly, so as to make our meetings successful and keep up the interest; a man with warm personal friendships and attachments, who will have sufficient magnetism to draw forth from the members of this Association all the rich material that is in them.

While I have the highest regard for both of the gentlemen in nomination, I think that we have among us one other good man—a man who is probably as popular as any one of them; a man who has been a good member of this Association; a man whose personal friendships will bring about the results that I have set forth. I think that in making these nominations we should lay aside entirely any questions of personal feeling, and consider the good of this Association and not of any individual. Therefore, gentlemen, I take pleasure in placing before this Association as a candidate for President Mr. Harry Hobbs.

Mr. H. H. Hobbs—

I very heartily appreciate the compliment the gentleman has paid me, but there are several reasons why I cannot possibly accept the office, and therefore must positively decline. In the first place, my field is a large one, maybe larger than that of most of those present. I also, as you may know, have the responsible position of secretary of the State Board, which involves great work, greater than most of you know.

Besides that, gentlemen, I am not the man to occupy that chair, and I know it; nor do I deserve it. It is an honor that I do not deserve and have not earned. As a personal favor to me, I ask Mr. Finnie, and those of my friends who have kindly proposed this nomination, to give their support to Mr. Holman. I will take it as a double compliment. I want to see Mr. Holman elected President of this Association.

Mr. I. W. Holman—

In my mind ingratitude is one of the basest traits that a man can have,

and I wish to say that of all the compliments in an insurance way that could be paid me, the highest is the nomination for the Presidency of this, in many respects, the most formidable insurance organization in the world. But here comes up a question of being a candidate against one whom I have esteemed and known and loved for twenty years, who was one of my instructors when I first began the insurance business, and to whom I am indebted in more ways than I could take time to tell you this afternoon. I, therefore, with thankful appreciation for the kindness of this compliment, decline to run, and favor the election of Mr. Fox.

Mr. W. B. Cornell—

I could not keep quiet at this moment. It would be base ingratitude on my part, when the name of Mr. Fox is presented to this Association, if I failed to say something, feeble though it be. I was very glad that Judge Spalding preceded me, for he has in his day been honored with the office of President of this Association, and has known what it was to call upon such an efficient and valuable aid as Mr. Fox, and never call upon him in vain. I had the honor, shortly after, to follow Judge Spalding, and I had recourse to friend Fox; and I want to tell the gentlemen on this floor that much of the success of that meeting was due to the admirable and good advice, and the efficient aid he rendered us there in the valuable papers which he presented.

Now, gentlemen, while I appreciate the remarks of Mr. Finnie, a man may not always be in the line. For God's sake, let us get him into line. We may not always be in the line ourselves. We may not be technically proper persons to be officers of this Association. But I take it, sir, that a man who has been the first friend and organizer of this Association, and whose papers are the most valuable and frequent contributions of any member of this Association—papers that have always instructed me; papers that I was not satisfied to hear alone, but wanted to take to the privacy of my room and read and ponder upon; and from his papers, I confess, and I acknowledge it with gratitude to-day, I have received more valuable information, statistical and otherwise, than from any other papers which have been presented to this Association—is the man to put in line and elect President of this Association.

Now, gentlemen, there does not seem to be anything in the way, and I therefore move you that the Secretary of this Association be instructed to cast the ballot of the Association for Mr. W. F. Fox for President.

(Cries of "Question!" and "Take a vote!")

Mr. J. G. Finnie—

I believe there is another nomination before the house.

The President: There are three names before the house.

Mr. A. W. Spalding—

All of them have refused to run, except Mr. Fox.

Mr. C. W. Potter—

As two of the gentlemen have declined, and both acted in good faith, I would move, sir, that the Secretary of this Association be instructed to cast the ballot of the entire Association for our friend, Mr. W. F. Fox.

Mr. J. G. Finnie—

Before that motion is made, it might be proper to explain to the meeting the reason of Mr. Hobbs' withdrawal. Various gentlemen, members of this Association, came to me and asked me to make this nomination. I did so, knowing that Mr. Hobbs was in somewhat of a delicate position with regard to Mr. Holman, and that was one reason why he declined. He declined out of his consideration for Mr. Holman; and since Mr. Holman has declined, I believe it is perfectly in order now to re-nominate Mr. Hobbs. I will do that. I do not think that the Secretary casting the vote, without due consideration from members, is as proper a way as to take a ballot.

Mr. D. T. Devin—

As one of Mr. Hobbs' friends, I would doubly second his nomination, after his remarks.

Mr. A. P. Redfield—

Mr. Finnie has spoken out in meeting, and told some things that I thought perhaps might better not be said. I think, perhaps, the friends of Mr. Hobbs should explain that Mr. Hobbs, long before he supposed anybody would suggest his name, had very warmly endorsed Mr. Holman for this place, and he felt it would be a matter of bad faith for him to do anything but to absolutely and positively decline. Now, if Mr. Holman has declined, I second the nomination of Mr. Hobbs.

The President—

Then there are two names before you, gentlemen.

Mr. A. W. Spalding—

I rise to a point of order. There is a previous motion made and seconded, that the Secretary be instructed to cast the unanimous vote of this Association for Mr. Fox. I would like to have an expression of this convention upon that motion before another question is considered. I think that point of order is well taken.

Mr. W. J. Littlejohn—

I think that is unconstitutional. I think that matter was brought up last year, or the year before—this casting of the ballot by the Secretary for an officer—and it was ruled by the Chair at that time that we should cast a ballot in regular order.

**The President—**

That is my understanding of the Constitution—that it has to be proceeded with in regular order by ballot.

**Mr. Littlejohn—**

I rose to second Mr. Hobbs' nomination, but another gentleman got up before I did. I want to second his nomination, and have a race between Mr. Hobbs and Mr. Fox. Mr. Fox is an old and personal friend of mine, and so is Mr. Hobbs. Mr. Hobbs has been an active member of our Association, and a very active member of the State Boards of the West, and has devoted eight solid years of hard work to the business. I think we cannot make a mistake in electing either one, but I would prefer, however, for several reasons, to see Mr. Hobbs have the office, and I heartily second his nomination.

**Mr. C. W. Potter—**

I would like to state that I presume my motion would not be in order when there is more than one candidate. At the time I made it I supposed that the other candidates were withdrawn, and the field being clear, I then knew of no constitutional provision that would prevent the Secretary from casting the entire ballot. But I wish to state further, with regard to the nomination of Mr. Holman: I knew nothing about the fact that he was to be nominated until I came into the room this afternoon. I have had no time to prepare myself, and was not aware that it was proposed to put him in nomination. The matter had been thought of among a few gentlemen, it seems, and it was thought that he was deserving of it, and I was simply requested to nominate him.

**Mr. A. W. Spalding—**

There is justice in the election of Mr. Fox as the President of this Association. There is the highest propriety in his being honored by this Association. He was fought last year, and only beaten seven votes, by men who did not want to see him elected President. We are glad we had so worthy a President elected. But Mr. Fox had better men following him, and he has had for fifteen years that I have been a member of this Association. I say, lay aside all personal prejudices and vote for him unanimously, and give him the compliment of a unanimous election. I say that it is parliamentary to put that question that was made and seconded, and is now pending before this body. Until this convention decides that question, it cannot go back to new questions.

**The President—**

I do not understand that there was any motion made to suspend the rules, which, I think, would have to be done before the vote could be taken as suggested.

Mr. T. H. Smith—

I submit that while there is but one candidate before the house, that a resolution unanimously made, directing the Secretary to cast the ballot of the Association, is an election by ballot.

The President—

My understanding is that there are two candidates before the house, and that to proceed regularly we would have to ballot. (Cries of "ballot!") Shall we now proceed to ballot for the office of President?

The Chair put the question to the house, and it was carried.

Mr. J. G. Finnie—

Before that ballot is taken, I should like to have the Secretary call the roll of members present, so as to keep the count all straight.

Mr. Underwood: I second that motion.

Mr. Finnie—

Simply to check the ballots by, and see that no improper votes are cast.

Mr. Underwood—

And to see that all those who vote are members of the Association and have paid their dues. Come out and state the facts. That means business.

The motion to call the roll was carried.

Mr. M. E. Lawrence—

I suggest that it would be unconstitutional to call the roll and take a vote in other way than by ballot.

Mr. Spalding—

The roll will be called, and you can walk up and deposit your ballot.

The President—

I will appoint Judge Spalding and Mr. Lawrence to receive the ballots.

The Secretary then called the roll, and as the names of the members were called each one walked up to one of the tellers and deposited his ballot.

The President—

While the members are voting, you will please give attention to a communication which the Secretary has to read.

The Secretary read a communication from Byron T. West, as follows:

CHICAGO, ILL., Sept. 24, 1885.

To J. L. WHITLOCK, Esq., *President of the Fire Underwriters' Association of the Northwest*:

DEAR SIR: In order to place the work of this Association, as far as possible, upon a permanent and practical basis, and secure results which shall be of continued advantage, not only to the underwriter, but also to the public at large, the undersigned hereby offers to contribute \$100, or his full *pro rata* share of whatever sum may be necessary during the first year, for the following purposes, to wit: the founding of the office of Statistician and Actuary in connection with that of Librarian, the immediate duties of which office shall be the acquisition and dissemination of reliable information and facts relating to the hazards of fire, such as:

*First.* The best building material to be used and the best mode of construction of buildings to render them as nearly fire-proof as practicable, and the best appliances for the prevention, extinguishment and control of fires.

*Second.* The greatest hazard incidental to each classification of risks, and the best manner of avoiding or lessening the same.

*Third.* The character and deficiencies of water supply, water mains, fire departments and other appliances for extinguishment of fires in all leading cities and towns.

*Fourth.* The current legislation of the several States affecting the fire hazard and the business of fire underwriting.

*Fifth.* Such other information and facts as shall tend to the enlightenment of the general public, and lead to a more earnest desire on the part of the people to *at once* lessen the great waste and loss now caused by fire through ignorance, indifference and carelessness.

An office of this kind, if properly established and filled, would not only afford insurance companies an unbiased, reliable and efficient means by and through which they could act in harmony in opposition to foolish legislation, and in the rigid enforcement of sound laws, but would soon be regarded by the public as valuable authority in all matters relating to the subject of loss and damage by fire, and would ultimately have a decided and beneficial influence upon both municipal and State legislation, all valuable information and facts being constantly disseminated through the public press as well as through insurance journals and circulars.

Respectfully,

B. T. WEST.

Mr. Charles Richardson—

I move that that communication be referred to the Committee on Library.

The motion was carried.

The President—

I have a telegram from Mr. Peetrey, in which he says: "At the last moment I find it will be impossible for me to attend the meeting, but I will send my paper." The President has not yet been in receipt of it. If any of the members have received it, will they be kind enough to advise me? The paper will be a very interesting one.

Mr. A. W. Spalding—

I move that it be received and published in the Proceedings.

The President—

If we should not receive it before the close of the session.

The motion was adopted.

The tellers then announced the result of the ballot for President as follows:

Total number of votes,	-	-	-	-	-	-	85
Blank,	-	-	-	-	-	-	1
I. W. Holman,	-	-	-	-	-	-	1
D. S. Wagner,	-	-	-	-	-	-	1
H. H. Hobbs,	-	-	-	-	-	-	30
W. F. Fox,	-	-	-	-	-	-	52

Mr. H. H. Hobbs—

I move you, sir, that Mr. Fox be declared elected President for the ensuing year by the unanimous vote of the Northwestern Association.

Mr. Littlejohn: I second that motion.

The motion was carried.

(Loud calls were made for Mr. Fox, and he responded as follows.)

Mr. W. F. Fox—

MR. PRESIDENT AND GENTLEMEN OF THE ASSOCIATION: There are times in the experience of every one's life when language fails to express the sentiments of the heart, and when silence, indeed, is the most potent and the most eloquent language that can be used; if, indeed, that form of expression may be tolerated. To say that I am unmindful of, or do not appreciate to its fullest extent, the compliment, the very great compliment, that so humble a member as I am of this convention should have conferred upon him, would be to say that I am beneath a human being. For twenty years, on the road and in the office, and in every relation which characterizes our business, I have met you and known you as friends and brethren; and that after so long a period of trial you have seen fit to honor me as the incoming seventeenth President of your Association, is an honor



of which any member, however old, however experienced, however able, might be proud.

But it seems to me you have chosen one of the meekest, one of the most inexperienced, to the front. I am not entitled to the position by virtue of rank, by virtue of experience, by virtue of anything, except the labor which, perhaps, I may have done in my humble way, for which you now propose to show your appreciation by this vote. In that spirit I take it. I take it because it does my very soul good to think that this great body of co-workers has seen fit to honor me in this manner. If I can in any measure keep up the spirit of this Association for another year as it has been kept up in the past, I shall have fulfilled the full measure of my anticipations..

I can scarcely expect, Mr. President and gentlemen, to follow anywhere near in the line of the administration of those men who have preceded me. They have covered the whole ground with glory, and to expect so humble a member as myself to follow in the wake of that galaxy, is asking a great deal of me; but with your kind support, each and every one of you burying your personalities, if you have any, and rallying around me as one who, for the next year, will endeavor to bring forth the power and brain of this Association, we will have a rousing meeting twelve months from to-day. Gentlemen, I thank you.

Mr. A. W. Spalding—

I would suggest that Mr. Fox occupy a chair upon the platform as the President elect.

The President called Mr. Fox to the seat beside him on the platform.

The President—

Nominations for Vice-President are now in order.

Mr. A. W. Spalding—

I move that Mr. Hobbs act as the Vice-President of this Association for the succeeding year, and that his election be taken by a rising vote.

The President—

I do not see how that can be done without a suspension of the rules.

Mr. Spalding: By unanimous consent.

Mr. T. H. Smith—

The only way it can be done is by the Secretary casting the unanimous ballot of the Association.

The President—

I do not understand that that can be done without you suspend the

rules. The rule of the Association is that the election shall be by ballot, but you have the power to suspend that rule.

Mr. T. H. Smith—

It is by ballot when the Association directs the Secretary to cast a unanimous ballot. Is not that by ballot? It has been so held.

The motion was carried, and the Secretary cast the ballot as directed. There were calls for a speech from Mr. Hobbs, but that gentleman had retired from the room.

The President—

While we are waiting for Mr. Hobbs we will act upon the election of the Secretary and Treasurer. Nominations are now in order.

Mr. Underwood—

I will nominate Mr. J. C. Griffiths for Secretary and Treasurer.

Mr. J. P. Black—

I have great pleasure in seconding the nomination.

Mr. T. H. Smith—

I would add the amendment, that the President of this Association be instructed to cast the unanimous ballot of this Association for Mr. Griffiths for Secretary and Treasurer for the ensuing year.

The motion was carried, and the President cast the ballot as directed. Whereupon there were loud calls for a speech from the newly-elected Secretary and Treasurer, who responded as follows.

Mr. J. C. Griffiths—

I do not know that I have anything to say, or even want to thank you for the position. If I remember rightly, three years ago when I was first elected to this office, I was told that I had it for seven years, and I have so considered that I am elected for seven years. However, I want to thank you all kindly for the courtesy, and trust I fill the office to your entire satisfaction. You can rest assured I do so to the best of my ability, and if I fail it is simply because I am not able to do any better. I thank you, gentlemen.

The President—

If I mistake not, gentlemen, that concludes the list of officers to be elected at this time. The Executive Committee have not been voted upon. Inquiry was made of the Secretary as to whether the gentlemen put in nomination by the committee had all paid their dues and were regular

members. It was ascertained that they are all members, and all have paid their dues.

The names were then read again by the Secretary, and the motion by Mr. Underwood, previously made, that the report of the Committee to Nominate the Executive Committee be accepted and adopted, was then carried.

The President—

I want to say, gentlemen, for your information, as we have so many good things on the programme yet, I am afraid some may conclude that you may not get the benefit of them. But if it shall seem advisable, and I for one trust that it may, we can continue our session this evening. We can have this room, and if we shall not be able to complete the programme in such order as we would like, and you shall put it to a vote by and by, it may be desirable to defer one or two of these subjects for an evening session. Are there any committees to report at this time?

Mr. A. W. Spalding—

There is a committee of ten Managers for the collection of statistics, which has not yet been appointed.

The President—

I will name that committee at this time, as follows: W. B. Cornell, George M. Lyon, Eugene Cary, Thomas S. Chard, Abram Williams, C. H. Case, I. S. Blackwelder and A. W. Spalding. This conforms to the resolution, which read that the committee should be composed of Managers of companies.

Mr. T. H. Smith—

I rise to inquire if Mr. Case is a member of this Association.

Mr. A. W. Spalding—

I looked up the book, and he was. He is a member in good standing.

The Secretary: He wrote to have his name crossed off.

Mr. T. H. Smith—

Charles H. Case resigned his membership last year.

Mr. Spalding: It was in the printed list last year.

The Secretary: But after it was published he resigned.

The President—

That there may be no question on the subject, I will place Mr. C. E. Bliven in his place.

Mr. Spalding: That will do.

The President also added to the committee, to complete the number, Messrs. T. W. Letton and E. W. Lyman.

Mr. A. W. Spalding—

Has the Committee on Library been appointed?

The President—

I think not. I think that has not come before the Association.

Mr. A. W. Spalding—

The report was read and the consideration of it was made the special order for this morning.

The President—

If you have no objections, we will make that appointment a little later.

Mr. Spalding—

I do not care when, so that you do not overlook it.

Mr. C. W. Potter—

If it is in order, I would like to call up that motion in regard to the address of Mr. McCluer. It was postponed until this afternoon. I would like some action taken on that before we adjourn.

Mr. W. B. Cornell—

I move as a substitute for the motion of Mr. Potter, that we proceed with the programme. The persons who have prepared papers for this meeting are entitled to be heard, and heard in order. Let us take up the papers and listen to those, and then proceed with our business.

Mr. M. E. Lawrence: I second that motion.

The motion was carried.

The President—

It will now be our pleasure, gentlemen, to listen to a paper by Mr. J. B. Bennett, Compact Commissioner for the State of Indiana, on "The Best System of Rating."

#### THE BEST SYSTEM OF RATING:

*Or, The Three Pigs.*

MR. PRESIDENT AND GENTLEMEN OF THE FIRE UNDERWRITERS' ASSOCIATION OF THE NORTHWEST:

Pardon an explanation. On writing to our worthy President that "The Best System of Rating" might be made an interesting topic for our

consideration by some member, without any design of presenting the subject personally, I am drafted for the service, without any privilege of substitute, and no escape, except by deserting or the plea of old age; and, as youth and duty prevent that, I have reported to the command.

The subject selected could be made the briefest address ever delivered to your Association:

"THE BEST SYSTEM OF RATING—THE ONE THAT MAKES THE MOST MONEY."

If "brevity is the soul of wit," in the style of Randolph, without saying anything further (as the drafted soldier is usually an unwilling one), I might bow myself off the platform, and the conundrum would be both answered and given up; but lacking the wit and fiery eccentricity of John Randolph, and as your pleasant faces reflect the kind indulgence of your nature, they so strongly invite me that the spirit becomes infectious, and I proceed to tax your patience in not sticking to the text very closely, though somewhat better than Mark Twain's "Babes in the Woods."

And now, gentlemen, I have the pleasure to announce the topic of the address as

### THE THREE PIGS!

*A Crusade in Chicago with the S. P. C. A., September, 1885.*

Throwing myself upon the mercy of the court, and your indulgence and friendship, to ask as a special favor—because I once got lost in Chicago, and had my goose badly cooked, "wille-nille"—that you will all help me to get these pigs to market and well disposed of before they glut the pork trade and create a panic, and see me safely out of the clutches of the S. P. C. A., back to Hoosierdom with the proceeds, out and away from this wicked city.

### SURVEYING AND RATING.

The foundation of good rating is surveying, and as that subject has also been made a distinct essay, I am in the dilemma of a wounded bird on one leg—in danger of tumbling at the first hop, unless with strength of wing sufficient for sustained flight. By rights, the two subjects should be harnessed in the same team and driven together, as "The Best System of Surveying and Rating," not presented disjointedly, for it is impracticable to begin rating until the survey gives the requisite facts to arrive at conclusions.

### THE FIELD FORCE.

You are all so familiar with rating I am unable to present anything new, but as there is fascination in variety and the changing seasons, or style in the fashions, possibly some thought may be so clothed in new dress to relieve monotony and compensate you for attention. What is the best system of rating? It is that one which is most suitable to the conditions of the business. An elaborate, complete and most finished tariff would be a bad one if too far in advance of the situation, as it would be out of order with

the rough, unfinished state of things at this period, and consequently unsuited for general practice. Yet, you must have often realized how very crude and unsatisfactory rating was to your better judgment, and a strong desire for its improvement repeatedly been felt. There is a mountain of difficulty in the way, but the time will surely come when great advancement will be made, if it has to be attained even by volcanic forces. To observe and review this entire subject, with the material it embraces, in full scope and various conditions, consumes so much time and study it is frequently abandoned when undertaken, as too irksome and unprofitable. Nevertheless, the matter is steadily progressing, as events roll round toward the attainment you so desire and know to be necessary.

#### FORTY THOUSAND AGENTS.

The scattered army of 40,000 fire insurance men is not an easy one to handle and control. Without drill, organization and unity, it is little better than a guerrilla force drumming and attacking the public, killing the companies and fighting themselves; but, under firm and skilled direction, it is strong, successful and honorable—of great value to every interest concerned, and likewise highly promotive of its own welfare. Ninety-five per cent. of this body has not had the advantage of any insurance professional training, either in the office of a veteran company or by promotion into field service. They have had only a rough-and-tumble experience with the mean phases of the business, where rival associates exhibit all the ugly traits of their nature and suppress all hearty and finer ones. The best system of rating must completely reform this low condition and very bad spirit.

Tariffs made by Local Boards are usually glaringly inconsistent in their lack of uniformity; are often partial and incomplete. They are at fault in their low and unproductive standards; in their oversight of exposures; erroneous in survey and inspection, and little more than a truce or treaty not to further cut the cut rates on the registers, until the war breaks out again for another raid and a further tumble in rates.

#### COST OF EDUCATION AND IGNORANCE.

Education costs money. The question is, will it pay to organize and educate as the situation demands? Ignorance costs more, much more, though the cost at a glance may not be so apparent. The gingerly expenditure this way at present made is, how not to do it, and also to be very badly beaten and entail chronic and repeated errors for a long and indefinite period of time.

If the United States had stopped in 1863, with an expenditure of \$1,000,000,000, it would have sunk its nationality, lost its credit, and went backward to a third-rate power for centuries. The true and proper way is to meet force with force; to fight issues out to success; to spend and

expend to win. The companies hold the purse and the key to the situation. It is with themselves to say whether they will continue to pay tenfold for ignorance and strife, or liberally for education, good order, thrift, and a reputable success. It costs money to work thoroughly, skillfully and artistically, but it finally pays immensely in this age and country. It will be slow and tedious at first, but when matured the plentiful harvests abound.

Have you ever estimated the outlay and expenditure for fire departments, firemen, apparatus and water supply? Does it pay, and is it not absolutely demanded, in view of the style of architecture and the way trade is now conducted in the United States?

Before scale diagraming was adopted by the companies, a single company paid \$100,000 for their manuscript diagrams, in labor and travel, from 1853 to 1863, and the profit largely derived from such acquired knowledge was over \$3,000,000. Does it pay to invest money productively and follow it up with intelligent labor? Possibly some companies would not have spent \$100 that way.

In further illustration, consider the remarkable advance of late made in military science. Nations that, during their entire history, have bestowed their very best efforts and treasure on such matters, and have accomplished so little during ages with all their money and skill, and thereby seemed to prove that military knowledge and education was fully developed to exhaustion, of late years have bounded ahead with wonderful strides. The guns of the great Napoleon, which secured such brilliant victories, would defeat the same genius and efforts, if now employed. The old but heavy armament at Sedan could not cope with modern cannon, and defeated the French by their short range. The Union army, as equipped in 1861-5, would now be defeated with its old arms by the new breach-loaders, long range and rapid firing of present improvements.

If such advancement has been made since 1860 in matters that have had ages of study and outlay by nations for thousands of years, shall our profession stand stock still and employ the modes of 1860, or dismiss this question as an affair of little or no moment, both stale and unprofitable?

#### THE SYSTEM.

We are now to consider a system, not a plan, but the broader subject of an entire system. As independent, or free-and-easy practice, is no system at all, unless it might be termed "go-as-you-please" system, it is unnecessary to consider any heterogeneous plans in vogue prior to that of the National Board System.

#### THE NATIONAL BOARD.

The system of the National Board was a conglomerate one. It was valuable chiefly from the unusual events and circumstances that brought it into life and gave it power—the big war, the expansion of the greenback

era, with those great fires at Chicago and Boston. It was only rooted in one city of this extensive country, and, like a great army without corps, division or command, lacked mobility, elasticity and good deployment to the best result. It was pushed in alarm and haste, with no drill or preparation, and great inequality of force and movement, being much too strong and sweeping at some points and to slight and slow at others, while constantly nourishing the parasite of non-Boardism to sap its vitality. This system, with its good intentions, and performing much that was highly commendable, cannot possibly be classed as possessing the best system of rating, for it was one of special emergency, and not of endurance.

## SCHEDULE RATING.

The schedule plan can be readily applied to any system, and is chiefly good because it enforces particular attention to specific points in surveying. The steps or process of schedules are often strangely out of line and oddly peculiar in some respects, and while aggregate results are fair to good, we close our eyes to its freaks, not being too particular of the means to the end, for practice, time and just criticism will winnow the chaff from the good grain.

## THE UNION.

The union system surrenders an important prerogative of the companies over to the Local Agents, when it passes the whole matter of rating to Local Boards in mass, or grafts them the veto power to nullify the work and rates made by committees of the field force, or other experienced and impartial parties. This is placing the pyramid on its apex, and cannot fail of disaster in the end, if carried out in good faith. There is too much jealousy and strife in Local Boards, too much rough and careless work, too much pulling and hauling, too much inattention to any rules or base, too much neglect of surveying, too many axes to grind, too much of favoritism, and too little concern as to consequences of profit and loss, for the mass of Local Agents to exercise such prerogative, which should always remain with the companies. In adjustment of losses, or in litigation, the matter is not left to an interested party to settle. The agents are solely in the commission business, with a strong bias favoring their customers. If the companies waive their rights, it certainly would be advisable to turn the same over to some competent, impartial body or person who would be professional and just in the service under all circumstances, otherwise this surrender becomes one of the most glaring errors ever introduced into rating of any system.

## THE THREE PIGS.

This present union arrangement reminds one forcibly of a man driving three pigs to market, tied by the leg with a loose rope while crossing a labyrinth of railroad tracks, each pig twenty feet apart fiercely tugging in



an opposite direction to escape. Possibly with a red signal and by swinging the circle and out-flanking the pigs till the man is dizzy and the pigs tired out, and getting a cart to carry the pigs to market, some headway may ultimately be made if the S. P. C. A. keeps still—don't confiscate the property and swindle the owner of this live stock; but whether the man wants to get rid of the pigs, or the pigs want to get rid of the man, or the boy in the cart wants to get rid of the squealing, or the town of the noise, this is altogether one of the very worst schemes ever devised in the insurance or the pork trade for progress or profit.

#### THE SPECIALIST.

The best system of rating must be done by the specialist, strongly supported by the companies and well done, before it succeeds. Rating will make little headway until professional men are educated, enlisted and engrossed in it as a separate and distinct arm of the service, as cavalry, artillery, infantry or engineering in the army are. It must be made a special duty. Then will come progress, development and evolution out of the practice. Competent men giving sole attention to the duty will not be content to perform it mechanically. They will profoundly study with clear brain its intricacies not only by the mid-day sun but in the closet with midnight oil, and out of this joint labor will come progress and safety to fire underwriting.

#### BURNING LINES.

The best system will parallel burning lines. Unless rating is based and sustained by this dominant factor of fire it will never long remain steady, but soon strangely fluctuate and become unsettled, as if instinct with life to find a true base and support. If rates are much too high or made too low they soon waver up and down, like tidal waves, to find their ocean level. This is a remarkable truth, as fixed and steady as the tides. The mind of an intelligent people somehow or other instinctively learn this by some mysterious process as remarkable as the habits of the silk-worm prepares material to elegantly clothe the ladies of the land.

#### CHARACTER AND VALUES.

Another valuable feature of the best system will be a classification of the character and care of the insured and tenants, as inferior buildings with superior care are preferable to the best building carelessly attended to. Gross carelessness now destroys one-fourth of the property consumed by fire, and risks are affected in like degrees. This classification and grade of persons is fully as important as the class of buildings. Also, the value of the property will become a matter of closer attention, and these calculations and facts will be critically stated in the survey.

#### NO PROHIBITED LISTS.

Where the rating is just and equal, prohibited lists may with propriety be dispensed with. When the hazard is rightly ascertained, graded and

equalized, there is no propriety in rejecting any entire class of risks. The rates being equivalent to the risk, expense and profit all are alike. Prohibited lists occur when rates are proved to be unequal and wholly inadequate to the danger, or because of inexperience, prejudice or misapprehension. When the hazard of one class of risks is, say one-fifth, one-tenth, one-twentieth, or one-fortieth that of another hazard, all other facts being equal, the risks stand on the same platform of desirability. Selection in individual cases, and increase or decrease of lines, should always be in order and practiced, but not whole classes tabooed, for such becomes unprofessional and as uncalled for to the public as if a railroad refused to carry the ice-dealer, a wood-worker, a miller or an oil-man. Prohibited classes are now sometimes made up from prejudice, nationality, religion, fancy and conceit, as well as improper rating.

## THE ABSTRUSE AND PRACTICAL.

Not to pursue this subject too abstrusely, yet some mode and principle to include the exact fire line will ultimately come into successful practice to shape and control fire rating, similar to that used in trade and chemistry for proof spirits or specific gravity; as an example, proof spirits are by measure—alcohol 100 parts, water 81.82 parts; by weight, alcohol 100 parts, water 103.09 parts.

Now, no matter what alcohol or what water is united, the hydrometer and the thermometer indicate by the mathematical tables adopted always their exact proportion, above or below proof. We can secure \$100,000,000 of premiums to classify, and put the material in competent hands to ascertain the true average burning line on 200 or more classes of risk. This in charge of a scientific bureau of mathematical men can give the true burning lines to the companies for adoption, and business application for raters to work with. By example, say certain classes burn .35, .47, .97, 1.05 % per annum. This, with average expenses, and 15 % contingent added, would give .70, .94, 1.04 and 2.10 %, and afford true data for the practical rater to work with—as a measuring tool for his daily task to formulate the tariff. The application of classified average tables of itself becomes the subject for no little study and scientific arrangement. This example only hints at the theory of great underlying facts and principles before us for some practical attainment, and leads to another important step.

To preserve the profession the rating must go from Jack-of-all-trades into expert professional hands. It will become decidedly more complex at first before it grows simple. The public will not be able to rend it to pieces so easily. All professions make a decided stand to protect themselves, and such should be the aim in ours. Tom, Dick and Harry have not been very profitable servants. That being the plain fact, they will have to be dismissed as very “offensive partisans,” whose uncivil service

can readily be dispensed with pleasure and profit for the more worthy, agreeable and useful laborer.

#### UNDERWRITERS' PYROMETER.

One hundred million dollars of fire premiums must therefore first be skillfully classified by a mathematical bureau of the companies into about 200 grades or classes of hazard, to ascertain their exact average burning line. By reading an article in the *Insurance Monitor* for September, 1885, on tariffs, you will see how such volume of data can most readily be secured. The result of such labor to be then referred to a congress of fire underwriters to outline or digest, in good shape, and further subdivide into five or ten divisions to each class, thereby securing 1,000 to 2,000 specific discriminations. Then have all this matter recommitted to the mathematical bureau for final adjustment and disposal. When the work is completed, copyrighted and published, this pyrometer or compass of fire averages should be given into the hands of the companies for final adoption, to employ as their better judgments may decide.

The pyrometer might be safely entrusted to the specialist who devotes his whole time to rating and surveying, with proper restrictions, and modified to particular circumstances, with also a well-prepared scale for exposures and such other matters as are essentially necessary for correct rating, based on prime cost intelligently worked out. Through some such advancement the best system of rating will be secured and finally established. It will unite and hold the companies firm and steady, and will control agents to tariffs as well as the life companies do.

A pertinent question arises, whether greater concentration of power is not necessary before assured success comes to any system. Only trifling results accompany lack of power. Probably there can not be less control and unity of effort than at present, but with improved machinery usually comes gain and economy of force. This important point, however, may be adjourned now. Necessity generally secures plenty of power, and from the present outlook all things seem to be working together to such end by the very necessities of the situation.

Michael Angelo declared an artist must have his measuring tools in his head as well as his hands. We are not all artists; the main and heavy work of life has to be done by the masses not blessed with any intuitive genius for measurement. They cannot get along well without the auxiliary aid of good tools in hand; when debarred of them, the performance is so fearfully crooked and blundering that it mars what it touches, and plainly indicates the infancy of effort in any trade or profession.

#### OIL AND MACHINERY.

The flat commission can be modified and improved, and will help the best rating and please the Managers of deserving companies. Logically,

with correct uniform rating there is no necessity for any such arrangement, but it consumes time to reform. Small risks take more time and effort of the agent, and the way that business is sliding off the registers, because of flat commission, indicates that a speedy change is needed.

Fix 10 % commissions for all specials, 15 % for all commercial risks, 20 % for dwellings exclusively, and you will hold your business so it may grow like "a green bay tree at the water side."

#### A DAY'S WORK.

Unfortunately most fire insurance at present is shaped too much merely as the concern of a day, under momentary pressure and narrow views hemmed in between sunrise and sunset—this and nothing more. What a lesson the landscape gardener can teach! He plants his park so the foliage for centuries will not only be dressed with flowers and living green, but stand forth in autumn painted in brilliant and gorgeous tints of ruby, emerald, garnet, gold and topaz with magnificent luster, flooding the scene as to hold one spell-bound with delight, until the mottled and pinnatifid leaves, burnished in the September sun, seem like blood-stained hands raised in prayer to Heaven over the dying beauty of another year, so brief, so bountiful, so good, and all this done and accomplished only because "a thing of beauty is a joy forever."

#### CONCLUSION.

Why remain and wilt further in the dark, unless our deeds are evil? Vigorous business tone and advancement are more than ever required in fire underwriting—not indulgence or tenderness, nor stale forms and precedents. The present poverty of purpose arises mainly from neglect of these very unsolved problems; meanwhile, blind chance, sightless as a mummy, coquets with the sum of all labor like a will-o'-the-wisp over marsh, quagmire and quicksand, until the profession is in danger of degenerating, through chronic grumbling, into soreheads, because the public all the time are bumping the agents' heads together for bad conduct, like the impatient teacher does with the dull little boys at school that don't learn their lessons any better.

Mr. A. W. Spalding—

I move that the thanks of this Association be extended to Mr. J. B. Bennett, the pioneer in our fire underwriting of the West, and that an expression of thanks be entered upon the records of this meeting and appear in the published volume.

The motion was carried.

The President—

We will now be honored with an address by one of our best friends, Mr. C. C. Hine, editor of the *Insurance Monitor*.

AN INQUIRY INTO THE EXISTENCE AND THE NATURE OF  
THE POWER OF THE TAIL TO WAGGLE THE DOG.

MR. PRESIDENT AND GENTLEMEN OF THE FIRE UNDERWRITERS' ASSOCIATION  
OF THE NORTHWEST:

No postulate is more generally or more persistently promulgated among fire insurance men than *the impracticability of reform without unity of action*. "We must all hang together or we will all be hanged separately," might be quoted as the concrete of the creed of the majority! In view of the repeated failures of some of the apparently most formidable combinations ever organized among the members of any craft, on the one hand, and the repeated demonstrations of the power of the few non-conformists to thwart the will of the many, on the other hand, it has seemed to me to be opportune to attempt an inquiry into the nature of this power, and arrive, if possible, at a better understanding of it, whether we thereby discover a remedy for the evil or not.

Three years ago, while spending a few weeks in San Francisco, I was, through the courtesy of some of the insurance men of that goodly city, made a guest of the Bohemian Club. During my stay occurred the monthly "High Jinks," as the stated reunion of that literary and social body was called. That month the topic was "Dogs," and I heard more about my favorite household pet in one evening than I had ever heard before in all my life. Among the papers read, was one bearing the somewhat redundant caption: "An Inquiry into the Origin of the Obloquy which Attaches to the Yellow Dog," and that paper—if it did not at the time take on, to my mind, the flavor of insurance, has since, at least, suggested the title of the document which I now offer you—a title, by the way, which is not intended to include the slightest shade of disrespect to any man or any company, of whatever position in the craft.

Since the days of the philosophical Dundreary, it has been regarded as the regular and proper thing for the dog to waggle the tail, but, just as the unexpected always happens, so we are constantly meeting with anomalous proofs that the weaker is the stronger; that a part is larger than the whole, and that twice two do not make four! Of course, I had my own notions in regard to the thushness of this, but I thought it would be not only polite, but profitable, to pass around my hat among my rich relations for contributions to my scanty crumbs of knowledge, and I did so accordingly, and with the happiest of results.

WHY IS IT, THAT ALMOST ANY COMPANY WHICH ELECTS TO STAND OUT—A LARGE COMPANY OR A SMALL ONE—CAN INJURE AND, PERHAPS, DESTROY A LOCAL BOARD AND THE GOOD WORK DONE BY THE MORE CONSERVATIVE MEMBERS OF THE PROFESSION? WHAT ARE THE REASONS, THE UNDERLYING PRINCIPLES, THE BOTTOM FACTS WHICH MAKE THIS POSSIBLE?

Two men of whom I asked these questions said it was not so; that the premise on which I started was false; but they were not members of the history class in the insurance college during the last few terms. The answers of the others, with three or four exceptions, can be compressed in a dozen lines. Unanimously they laid the blame on the companies themselves, who hound the agents for business. Twenty said the reasons were lack of backbone, general cussedness, unnecessary fear, puny faith or professional ignorance. About as many more attributed the difficulty to the natural laws of competition working out in various ways, and formulated their reasons as: a desire to get on in the world; trying to get the best of the other fellow; aversion to being tied up while the other is loose; resentment at the prosperity of others, and so on. One man thought the trouble arose from our defective system of compensating agents, and another agreed with him that the commission question was at the bottom of it all, and declared that the agents' bread and butter was the all-important underlying principle.

Two gentlemen "sassed back" with responsive conundrums, and wanted to know why one man can sometimes stampede an army, and how it was that one small serpent was able, by his wiles, to banish our first parents from paradise; and the one last quoted referred the difficulty to the broad ground of debased human nature. I need hardly remark that he is an orthodox believer in original sin and total depravity! "I am," said he, "humbly conscious of my own infirmities, but if the *Pall Mall Gazette*, or some similar paper, should turn its attention to the immoralities of American underwriting, I tremble to think what would become of—the other fellows!"

Probably no class of men in any way connected with the profession have such opportunities constantly thrust upon them to become familiar with the sins of the other men, and the malpractices of the other companies, as the journalists. If I were to take the testimony and adopt the beliefs of the large majority of the underwriters with whom I come in contact, instead of forming my own opinions from personal observation, I should have a much lower estimate of the men and their morals, and the companies and their plans, than I have. Gentlemen, you are not quite as good as you think yourselves, but you are not nearly so bad as some of your neighbors think you! This by way of parenthesis.

Why is it, I repeat, that one company or a few companies are so potent for mischief? One of my friends answers, "because potency is put up in small parcels, and it is true now, as heretofore, and of the devil's servants, as well as of God's, that one can chase a thousand, and two put ten thousand to flight"—which is indisputable, but is a repetition in another form of the first fact, rather than an explanation of it.

Repeating my query to another friend, he, instead of formulating an answer, reproduced the situation historically, allegorically, in the form of

a homely hog story which, he says, he heard when a boy. A visitor at a friend's farm observed in the same pen several fat and flourishing shoats, and one exceedingly lean and emaciated specimen of a pig. This peculiar exhibit of contrast led to questions somewhat similar to mine in regard to underlying principles, basal reasons, etc., and the farmer replied that he was urging on the rapid fattening of his swine for an early killing, and, as they were not voracious enough to suit him, he had introduced this lean and hungry pig as a sort of stimulant, and the result was, that the moment the little pig went for the leavings, the others returned, drove him off, and cleaned out the trough of whatever it contained—corn, husks or swill; “and, by golly,” continued the farmer, “the little fellow will live to squeal when the others are all dead and barreled up!”

The applause with which the story is received attests the appositeness of the illustration, but my effort is to find out a reason why it is possible for the one company, or the few, to compete with and influence the policy of the many. I am told that greed accounts for it; that jealousy is the moving cause; that the roots of the trouble grow out of feebleness, depravity and ignorance, and in illustration of this last-named cause, I am referred to the universal and insatiable hunger for business. “We increased our business last month,” is the complaisant but ignorant remark often heard from men who forget that they also increased their liability, and who do not seem to grasp the idea that *profit* is the principal thing—men who appear to prefer an income of \$10,000, with \$500 over, to \$5,000, with \$1,000 over, notwithstanding the latter gives twice as much pay for half as much work. One reckless truth-teller, after going over the well-worn list of malpractices, subterfuges and exhibitions of bad faith among the *good* companies, comes to the very natural conclusion that the “underlying principle” is *lack of principle*! He thinks the trouble comes, not so much from the one company which stands out, as from want of confidence in each other among the hundred that stand in. “The score, or the hundred companies,” says he, “are not so much afraid of the recalcitrant *one*, as they are of one another!” And he goes on to say: “I was amazed, some years ago, while in attendance on a large convention in New York, to find men who stand high in the underwriting, commercial and religious walks of every-day life, throwing mud of the dirtiest sort at each other, before an assemblage gathered from every section of the country. Such an exhibition was not calculated to advance the cause of harmony, or to give us provincial men exalted views of the standard of honor prevailing among the chiefs in the underwriting camp!”

Another, growling along the same general line, says: “There seems to be nothing so exasperating to the inside members of a virtuous organization, as the sight of an outsider getting business, particularly if he gets it at rates below those which the insiders have ordained to be only just sufficient. The usual result is that the united inside judgment is dropped, and

agreed rates are dropped, not only to, but below the figures of the outsider, and a crazy scramble ensues, which would be in some sense intelligible if it were confined to the punishment of the wicked rate-cutter, but, horrible to relate, each virtuous marauder goes in on his best muscle and loads up with the largest possible amount of the general plunder, and the struggle which began in a crusade against one ends in a general campaign against everybody, and the tariff is not torn in two pieces but in forty, and poor human nature secretly rejoices in a fracas wherein it stands a chance to bag more game than would have been got in the regular way!" Verily, the hundred good companies are not so much afraid of the wicked outside *one* as they are of each other!

It has probably dawned upon you why I wrote these numerous letters to officers and Managers of companies. I knew about what they would say in response—what they *must* say—but I preferred to have *them* say it. The facts rehearsed are of general recognition, and I might have collated them myself and they would have been just as true, and possibly just as effective, but the testimony of forty or more officers and Managers to the *general set of the current* will detract nothing from the value of the record as I present it. You will observe, however, that the responses that I have quoted run mainly to the rehearsal of facts and incidents rather than to the assigning of reasons; they are very true and very suggestive, and yet if there were not some inherent, constitutional, in-born characteristics of the business itself, *aside from the spirit of the men who prosecute it*, which permitted the anomaly, or what we are accustomed to regard as an anomaly, it could not exist. I have therefore dug for radical reasons, structural reasons, and have found one or two which have been more explanatory to my own mind than any that I have yet mentioned. One, which is quite as well known to you as to me, is so simple that I hesitate to announce it after so long and pretentious a preamble. It is just this:

A VERY FEW COMPANIES, SOMETIMES ONE COMPANY, SOMETIMES A SMALL COMPANY, CAN DO A VERY LARGE PROPORTION OF THE BUSINESS OF A PARTICULAR PLACE.

I do not say that one company will insure a whole town, but what I do say is this: that often there is nothing in the size of the individual risks to prevent it. This does not strike anyone as a remarkable statement, and perhaps it is not, but it is very suggestive to my mind, and I propose to enlarge upon it.

There are some things in which the small craft cannot compete with the large. The railroad, for example, stands alone. Trucks and drays for freight, and carriages and stages for passengers, are powerless in the presence of the railroad train; they can neither go so far, nor so fast, nor carry so much, nor carry so cheaply; there is here no competition between horse-power and steam-power, although both are engaged in the business of



transportation. So of the hundred-ton yacht and the two-thousand ton ship; so of the river tug and the great ocean steamer; all are engaged in the same general business, but they are compelled to work on different lines; they cannot compete with one another.

Insurance companies are not so. The great multitude of the risks to be carried are *small* risks, which the small company can carry as well as the large; the one company as well as the many; and herein seems to me to lie the reason of the possibility of competition by the small company with the large, the one company with the many.

In life insurance, where the element of "exposure" does not exist, I see no reason why one company might not do all the business if it could get it to do, and the amount required on each risk did not exceed a prudent line; and in fire insurance there are but two reasons for the multiplication of companies, and those two are only parts of one—excessive line and duplication through exposure.

In the great centers of trade there are localities where there are such concentrations of values as exhaust the insurance companies of the whole world; many of us know spots where policies are held from every company in America and Europe, whose contract is regarded as safe, that can be induced to write. There are not many such spots, but there are enough of them to create a demand for companies and to raise the idea in many minds that more companies are needed; and so they are, in spots, as indicated; but the moment you leave the great mercantile centers and strike towns of 100,000, 50,000, 20,000, 5,000 population, and so on, you find from two to twenty companies standing ready to write every risk that offers. Hence competition; hence the struggle; hence the situation which we are now considering.

The department reports on life insurance furnish the material for determining the size of the average policy written by each company singly, and by all the companies combined. There are, however, no such statistics obtainable in fire insurance, but I recently came in possession of some reliable facts which enabled me to compute the average policy of one of our large agency companies, and I found it to be \$1,676.87. As the company is one of the ablest in the world, it is highly probable that its average line is considerably above the average line of the companies at large, and when I estimate the latter at \$1,600, I am almost sure to place the figure too high rather than too low. To those whose business has been confined to the large cities this figure will seem small, but its reasonableness will be apparent to those who are familiar with the general field, and it is safe to say that two-thirds of all the risks written are at or below this average of \$1,600, and that not more than one-third of the business is written in larger sums—certainly not more than one-third *in number* of the policies issued. Now, if we remember that very moderate companies write twenty-five hundred dollar lines—about one thousand dollars above this average—

we see that the field into which the small company cannot intrude is very limited indeed, and of even the larger lines it can carry a part, and if it elect to carry at a cut rate its power for mischief and annoyance, as compared with its relative size and importance, is not unlike that of the solitary but pertinacious fly which exasperates the giant in the drowsy morning, and turns the sweetest hour into vexation!

I will not venture upon any estimates in regard to the probable number of policies written at \$500 and less, \$1,000 and less, and so on, because they would have only the one statistical support mentioned above, and might, some day, turn out to be poor guessing, but I recall your attention to the one fact on which we may rely, that the average policy is a *small* policy; if \$1,600 be not an exact, or even a close approximate figure, it does not in any event exceed the line of the small company. This is to my mind one of the broad, prevalent, underlying facts, out of which grows the perplexity—perhaps the irremediable perplexity—which besets the business, for no fact is better known to you all than this: that the *competition is sharpest for the small risks*. The great lines, the large establishments, seek the insurer, while the small ones are sought by him.

Another vital difficulty, which is ever present with us, is

OUR IGNORANCE OF THE COST OF OUR WARES!

I will give this more emphasis and attention further along. Just here I wish to speak of another organic and fundamental fact in regard to which my mind has been much exercised, and which seems to me to deal with the root of the matter now in hand. I made somewhat extended allusion to it in a paper which I presented to the Underwriters' Association of the Pacific in 1883, and I have written numerous articles bearing more or less directly upon it, but the thought, radical and valuable as it undoubtedly is, appears to have made a much deeper impression upon myself than upon my readers—a not unfrequent experience among the children of genius! The statement is this:

OUR TROUBLES GROW OUT OF THE FACT THAT WE ARE RISKING OTHER PEOPLE'S MONEY INSTEAD OF OUR OWN.

A very simple as well as a very old and oft-repeated saw, but none the less true or forcible for that. Think about it for a moment. Possibly there is more in it than appears at the first glance. Men do not handle their own money as they handle corporate funds; they do not risk or trifle with their individual interests as they do with company interests. Always and everywhere men prove how cheerfully they can bear other people's pains and losses, while each selfish man of us looks closely and carefully to his own interests.

Begin with the very substratum of labor; take the men who dig for day wages, who wheel dirt and lug the ties in railroad building, who load

and unload ships; come along up through the draymen, the drivers, and the porters; come up further, and observe the multitude of mill operatives, and the noble army of mechanics; come still further, and take note of the skilled artisan, the carver, the modeler, the piano maker; among all these you will find no undercutters; such a thing as competition *against one another in price* is practically unknown; they will unite together and strike for higher wages, but they cut one another's prices, never.

Come still higher, and look abroad over the whole domain of individual effort, and find me, if you can, undercutters among the farmers, the lawyers, the artists, the doctors, the ministers, the editors; they are not there. So long as men labor with their own hands and brains *for their own sole benefit*; so long as they depend for bread, or for wealth, upon the products of individual exertion, the factor of undercutting competition does not enter into their plans; you do not find it until you cross the line where men deal in the products of other men's labors; and even there it is graded and guarded, until you reach the realm of corporate life, where it runs rampant.

Merchants compete with one another; they make runs on particular articles to attract custom; they advertise cheap counters and remnants, and make up on other goods sold to customers thus attracted for the reductions so made. Unlike the merchants, we, alas! have only one article to sell—INSURANCE—and when we cheapen that we prove the reverse of the popular maxim to be true, and demonstrate that competition is the DEATH of trade.

We see, then, that men who work with their own hands, or trade with their own money, do not compete, or if they do, do not venture recklessly on the danger line, and we are compelled to look among those who employ *other men's money*, notably among those who work through the instrumentality of joint stock corporations, for that heroic and fearless contention which disregards consequences and brings a business into that condition of infirmity and laxity which pervades insurance.

Let us see whether known facts sustain these assertions. I will allude to a few that are notorious in New York, and well known elsewhere, or which have parallels elsewhere, which are probably known to some of you: (a) There are only four trunk lines of railroad from the Atlantic seaboard westward—only four, and the newspapers are constantly filled with the history of their rate wars. How easy it would appear to be for only four managements (*there are more than two hundred competing insurance companies*) to get together and agree to that which would be for the advancement of all their interests! but how difficult it really is. (b) There are not to exceed a dozen corporations controlling the interests of the great anthracite coal fields, with their railroad and marine accessories; not a large number to harmonize, it would appear, but their record is the same as the others. (c) There are but two great steamboat lines from New York to

Boston, and the same number from New York to Albany, and yet for years passengers were carried from New York to Boston for a dollar, and at one time, I believe, they were carried from New York to Albany for ten cents. I suppose that only those inside of transportation circles have any adequate idea of the fierceness and intensity of the competition existing there; of the elaborate and subtle schemes of the companies for outwitting one another; of the adroit intrigues with ticket agents, and of the size and sort of commissions paid them. If the whole truth could be come at, I have no doubt that the bad faith, the extra commissions, and the other immoralities of the insurance craft, would be beaten clear out of sight, and we shown, by comparison, to be a set of innocents; but does any one suppose that men employing and hazarding their own money would transact business on such bases as these? We have no experience for believing it possible. Gamblers and speculators, in the insane hope of immediate gain, will risk their all sometimes upon the turn of a single die, but nowhere, except in corporate life, do we find this deliberate and long-continued strife, which none know better than those who practice it, is fraught with fatal disaster to the interests involved.

There is one reason, however, for these desperate tactics, which must not be overlooked. As officers hound agents for business, so are they in turn hounded by stockholders for dividends; silently, perhaps, but none the less peremptorily. If an officer cannot make dividends, what is he good for? What was he employed for but to make the company pay? THAT was the *sumum bonum* to which the stockholder looked when he put up his money, and to that the officer must respond, or off goes his head; the pressure sometimes is tremendous!

IT WOULD SEEM FROM WHAT HAS BEEN PRESENTED, THAT THE DIFFICULTY WE ARE CONSIDERING IS RADICAL IN ITS NATURE.

That, so far as the business itself is concerned, a small company, a deviating company, an undercutting company, can do it if it pleases, and do it *as* it pleases; there is nothing in the nature of the business itself to prevent, so long as the size of individual risks is not greater than the company can carry. I do not say that plans have not been devised, nor that others may not be devised, competent to grapple with the evil in all its enormity, but all such plans must obviously begin and end outside the structure of the business itself; they involve coöperation, agreement, good faith; they must rest, not upon any inherent necessity of insurance as such, but upon the spirit of the men engaged in it, and we are brought face to face with the familiar fact that a chain is no stronger than its weakest link, and that it is sometimes impracticable to get links of all sorts and shapes and sizes welded into one chain.

In the sententious words of one of my correspondents: "The only cure for this evil is that which goes to the roots of human nature. Non-

Boardism is not an opinion; it is a vice. Erroneous opinions can be set aside by argument, but cowardice, suspicion and bad faith require the services, not of a logician, but of a D. L. Moody or a Sam Jones!" Another one remarks, in speaking of remedies: "I fear you are tackling an inherent imperfection in human nature, which can only be cured by improving the breed!" Another regards reform as impossible under our present agency system; the force of which remark lies in the application of it, and you can make it as narrow or as wide as you choose. Fortunately for my own reputation, I did not set out to find a remedy for the evil, but to inquire into its *nature*. Nevertheless, I shall not drop the subject without at least alluding to some of the remedial schemes that have been suggested to me.

We might as well be common-sensible about this matter, and recognize, to begin with, that the favorite howl about "crushing out competition," is the sheerest nonsense. Whatever is done must be done *with* competition, because we can never get rid of that. Profitable results in any line of trade will immediately call more men and more capital into it, and no set of men are more rejoiced at that general fact than—ourselves! I was so much interested in an item which I recently saw in my morning paper about ice that I cut it out and brought it with me. Here it is; how natural it sounds!

The Ice Dealers' Exchange was to meet once a week, and the rates were to be raised or lowered, according to the weather; but after a few weeks' trial it was found that unless all the dealers in the city came into the organization it would be unsuccessful in its attempt to control the market. A number of dealers, recognizing the opportunity to increase their customers, did not join the exchange, but tried, by reducing the price of ice, to get some of their competitors' business. A general cut in prices followed. Many dealers who had lost customers endeavored to regain them by making a still further cut, and so ice went down until it reached its present low plane, and that is why ice is so cheap this summer!

I like that; you like it. A combination in ice is a conspiracy against my household and yours; so in regard to coal; so in regard to everything else, insurance included, that destroys competition and compels us to pay the highest market price for a commodity. This is the universal popular feeling. The undercutter has the community with him every time, and is the popular man in the place where he lives. Not only so, but the Board Agents, who are *local* in all that the name implies, are restive at being placed in antagonism with the interests of their friends and neighbors, and whole-hearted service from them in behalf of combined effort is, in the very nature of the case, next to impossible. With such a substratum of facts it is idle to dream of the cessation of competition; it will always exist. Insurance is the servant of commerce, and insurance must be content to find the master stronger than the servant. If one servant does not serve to its mind, the community will call in or create others. Competition is inevitable; competition is perpetual.

For reasons like the above, I have always been incredulous in regard to the permanent success of what may be called the high-handed methods of reform. "The companies must combine for war!" says one of my vigorous correspondents. "Let them combine to annihilate non-Boardism, by capturing all its business at any sacrifice, and divide the cost!" "Fling aloft the banner of non-intercourse; let our motto be, 'Boards where we can; war where we cannot.'" "The companies have combined for peace again and again, and failed; now let them combine for war." "The best guarantee of peace," says he, "is readiness for war."

That is good statesmanship; it is good generalship; but it brings us right back to the old obstacles—the difficulties in the way of efficient combined action for war or anything else. May and December must be married; oil and water must mix; harmony and coöperation must be secured. If it can be done, though, by all means let it be done. A *coup de main* is a grand thing, and if a bold and brilliant dash can be substituted for the long and weary processes which usually attend and underlie a radical reform, why the saving of time and patience would be of immense value. If the insurance forces were only under the control of one commander, they could be handled in rapid, harmonious and victorious evolution, but alas! there are several hundred lieutenant-generals in the field, each having his own corps commanders and brigadiers and graded subordinates; each fighting an Ishmaelitic battle on his own hook, and each with his own campaign planned out, with the least possible reference to the success of the others. Who is to give the word of command, and who is to obey?

I am no croaking pessimist, and yet I think I do you good service by showing you the facts as they exist, and perhaps by showing the worst side of them. I am not in despair in regard to reform, but I confess I am perplexed in regard to *methods* of reform. When the cry comes up to form in line of battle, there seems to be an emergency. The country must be saved at once; or the country will be lost! Heroic and immediate treatment must be adopted, or the patient will die; but when I remember that this same groan of agony, this same alleged death-rattle has been resounding for twenty, thirty years, I recover from my alarm and take courage. I remember what the National Board partly did, and I remember how ably the State Boards have supplemented it; I remember what the Compact System has done, and is doing in more and more places each year, and I remember the silent but potent influence of journalism, reaching with its enlightening power every sort and condition of insurance man, and making even the isolated cross-roads agent a partaker of the benefits of the thought and study of the many who, through this mighty instrumentality, are leavening the world. I'm glad I am a journalist. I think of but two prominent insurance officers with whom I would be willing to exchange places. Let me speak soberly, for I speak sincerely, as I pronounce, in

such a connection, the names of Frederick S. Winston and George T. Hope! There is not a living insurance president—not one—for whose chair I would this hour exchange the tripod of the *Monitor*, if the exchange was freely offered me, with all its superior financial accompaniments. But I digress. I remember the things which I have enumerated, and their meliorating tendencies, and I am more hopeful in regard to slower processes. Gradually the craft is acquiring knowledge in the hard school of experience; gradually it will be educated, and as it becomes educated it will, let us hope, be better and behave better. Show the insurance world which way is the profitable way, and it will walk in it. Some are virtuous from principle, but all may be virtuous for a consideration. Time will, perhaps, point out that way and furnish that consideration; meantime let us each stop trying to reform the others, and see what we can do in the line of self-improvement.

Among the reasons named by several of my correspondents for the bad way we are in, is the fact that nobody knows the cost of our wares! Several have laid special emphasis on this, and expressed the belief that the way out of our troubles is through the statistical door of a combined experience table. This was for years one of my own special hobbies; one of the things with which I indulged the fond ambition that I might associate my name, and it may be of service to the coming generation if I place the narrative on record right here.

In a general, shiftless sort of way, we all know that we must get from 25 to 50 cents for dwellings, from 50 to 100 for mercantile risks, and from 100 upward for specials, but in regard to the details of actual experience on these risks, and their divisions and subdivisions, most of us know nothing, and none of us know much of consequence beyond the narrow horizon of our individual companies.

Thirty odd years ago, when I first entered the field, I heard the old slur that fire insurance was a magnificent system of guessing. I have heard it ever since; I have heard it within a week! The words always aroused my resentment, and many years before I had any thought of becoming a publisher, I determined that some day I would do, or try to do, something to relieve my favorite profession from such a stigma as that. What was needed was, of course, the combined experience of the companies, and that I determined to try and secure, and so ascertain the invoice price of insurance. I knew that a great many companies kept classification books, but I knew that no two were exactly alike; it was therefore obvious that the first thing needful in the organization of a movement for combined experience, must be the adoption of some uniform system of classification, and when Jeremiah Griswold, the eminent insurance writer and statistician, showed me his plan for a classification book, I said, "Eureka!"

That classification book was published, and within a very few years of its first appearance no less than sixty companies were using it. I waited

patiently until the use of it should become confirmed, and then I made a careful and hopeful endeavor to bring together in one mass the figures which lay scattered among those sixty companies. My plan was for each company to entrust me with its monthly figures, which I proposed to copy into a book prepared for that purpose, and after ticking and correcting the figures, burn or return to the company the report which contained them. After all the figures should be received and carefully copied, and accurately footed, the results were to be taken off for distribution among the contributing companies, and the book in which the footings had been made was to be burned—this monthly. In this way the identity of the figures of each company was to be sunk, and a complete and perfect merging of all single reports in one grand result was to be attained. It was perfectly plain that I could give to each company vastly more than it could give to me, so that any company would be making a magnificent bargain in giving to the bureau all that it could, in exchange for what the bureau could return to it. To my infinite disappointment, however, one and another declined to go in, and when my canvass was finished I found that I had but fourteen who would agree to unite in this work. Among the fourteen, however, were some of the more important companies, and so, notwithstanding my disappointment, I determined to make the effort. Blanks were prepared and sent out; a month was agreed upon for beginning; and I made my first call for returns. Only two companies responded. The experiment was an abject failure! Once or twice I have tried to revive it, but have never yet been able to secure general favorable attention to it. It seems a great pity, for to-day there are more companies using the Griswold classification than ever before, and there is at this moment an immense mass of detailed statistics extant, the combination of which would be of a value to fire insurance in America simply incalculable—of value to each individual company, while the compilation could do no harm to any.

Altogether, aside from the benefit to companies, I believe that the publication broadcast of an experience table of the various risks of the United States, would do more than any other thing that could be devised to satisfy communities with rates. The reports of forty companies for ten years, mean four hundred years' experience. Let us assume as the result of those four hundred years, that the fire loss on brick, steam, flouring mills, for example, is 1.75. Those figures are published all abroad; every mill-owner in the United States knows them. A company comes to him and offers to insure his brick, steam flour mill for 1.50. By that token he knows the company is a fraud and that he dare not accept its policy. He knows that the company is working in the face of ascertained statistics, and he declines to do business with it. As with steam flouring mills, so with a hundred other risks. The accurate ascertainment of the invoice cost of insuring them, derived from such a source as the one here indicated, would have precisely the same influence upon the public mind in



regard to the matters to which it related, as would the publications of boards of health in regard to certain sanitary measures, the united statistics of the railroads in regard to the cost of transportation, the official statistical deliverance of any other authoritative and competent body in regard to matters which its own experience determined.

This is one remedial measure. Doubtless it is much more easily recommended than secured, and it may be as impossible to-day as it was fifteen years ago when I tried it. And then, again, it *may* be that the time is riper for it now than it was then. A distinguished member of this body contributes to this month's *Monitor* a paper in which he expresses the belief that living companies will not part with their figures, but he makes an important suggestion in regard to the experiences of defunct companies, which I trust will be taken up and acted on by the State officials.

I again remind you in closing, that, whatever my temerity on ordinary occasions, I did not set out this time to discover and proclaim a panacea for the difficulty of which I have been speaking, but merely to inquire into its nature. Finding the disturbing power constitutional, internal, inherent in the very structure of insurance itself (it being possible for a company, sufficiently skillful and resolute in its management, to conduct its business, not only without the leave and coöperation of the others, but in defiance of them); finding this power of separate action not only inherent, but hedged about with the peculiarities of corporate existence that have been mentioned; finding that experience in boards and combinations furnishes cumulative testimony to the difficulty, if not the impossibility, of breaking in upon or breaking down this power—I have thought that modesty in suggesting a summary way of dealing with it would be becoming; and, while recognizing the good work of the unions and the tariff associations and the compact systems, and while echoing the words of vigorous and sanguine correspondents who pant for war if the plans of the majority cannot be promptly and unconditionally engrafted upon the business of those who do not agree with them, I have myself been driven by my very researches backward instead of forward in regard to adopting the Mohammedan plan of conversion and discipleship. It cannot be disputed that the sword was extremely efficacious in the hand of that great controversialist, and it is quite as true now as it ever was that you very effectually terminate a discussion by cutting off your adversary's head, but somehow the difficulty, if not the absurdity of that method in a fraternity *where all are Mohammeds* quite oppresses me, and I again fall back upon the slower processes of reform, the compact plan, the educational forces, and particularly the ascertainment of the cost price of insurance through combined experience.

One result upon myself of going over the ground that I have been traversing, has been an enlarged appreciation of the individuality of the single company. In regard to the fundamentals which I have enumerated, what is true of one company is true of all. *EACH* company is an

entity, separate, absolute, substantive. It is possible for EACH to conduct its business without the others and without their leave. EACH is surrounded by those peculiarities of corporate life that have been referred to. EACH is so hedged about by the characteristics peculiar to all, that the others cannot control, or easily attack, or vitally injure it. EACH has a personality, a oneness, so distinct that, in the very nature of the case, there cannot be anything like true cohesion between companies. They may be together, and in close contact, like grains of wheat in a dish, but there is no coalescence, no fusion; stir the dish and each separate grain will move according to its own weight and gravitation. So strongly and increasingly has this idea grown upon me, that I would change the title of my paper had it not been announced long before the first line of it was written, for I am coming to doubt whether, after all, there be any "Dog!" I find a large aggregation of separate, independent tails (apologizing again for the phraseology), each having its own distinctive wig-wag, but where is the body, where the head, which any one of them is willing to acknowledge as having either the right or the power to waggle IT?

This is rather an absurd predicament for an essayist to find himself in, but it is, nevertheless, a sort of logical *non sequitur*, as the gentleman from Ireland might express it. Call it what you will, it brings up with great force the remark recently made to me by the Manager of one of the largest companies: "I do not know," said he, "but Ohio has been legislating better than she knew, in prohibiting Boards and combinations. I do not know but the time has come for us to cut loose from one another all around, and each sell his goods upon the basis of his own experience, instead of absurdly persisting in the vain attempt to see through each others' eyes and fight in each others' armor! We will not move evenly along the line; but we never have done that. We will not go much astray, however, because each company that has an experience, and has the intelligence and the nerve to use it, will be limited by it, and will not do violence to its own ascertained laws of business!" This sounds heretical from the platform of an association where unity of action, concord, fraternity, alliance, and so on, have been preached from the beginning, and will be preached henceforth and forever, amen! but the words are not my own, but those of a prominent living actor in the insurance drama of to-day, and I can tell you, brethren, with a good deal of emphasis, that there are more than two or three among the thinking, leading men in the profession who have found out that there are two sides to the shield; and while on one side the bright legend reads, "In union there is strength," they are neither afraid nor ashamed to read aloud from the other side the words, "To seek association is to confess weakness."

Forty pegs in forty holes; some round, some square, some with as many sides as a barrel; no two of a size or shape or length, *but each a fit in its own hole*. Somebody said: "Let's all get into one big hole and have a

good time together." They tried it—all but two or three—and, in the main, they had a jolly good time; it was profitable and sociable, but somehow the big hole was never exactly the right size to accommodate them all and make each feel at home and comfortable. So they set to work to doctor it. When it was made larger they rattled around and were loose; when it was made smaller somebody was squeezed; and, whether large or small, the place was always leaky, because of the many interstices occasioned by the varying sizes and shapes of the pegs, and their misfits against one another. Meantime, the pegs which staid in their own holes, seemed to have some advantage over the others, and were viewed with evil eyes and accused of being no better than they should be, and it was insisted that they ought all to come into the big hole with the others, where they were wanted, and could be made better, instead of standing outside making mischief; but some of them were so tight they couldn't get away, and some were so crooked they knew they wouldn't fit in the crowd, and, for one reason and another, there were always some that staid outside, and so spoiled the party (for it was one of the peculiarities of the by-laws that there must be a unanimous vote on anything in order to carry it just right), and thus these few small, wicked, outside pegs appeared to have the bulge on the others, and the control of the whole lot in a certain sense, and the question was asked, and asked, and asked again: "Why is this thus, and how shall we convert these few sinners, or failing to convert them, kill them?" And all the missionaries answered: "We don't know!"

The Secretary read a communication from Mr. Peter Notman.

[Mr. Notman's letter was inadvertently printed with other communications on page 111 of Proceedings.]

#### The President—

I am sure we all regret the absence of Mr. Notman, and the occasion of his absence. I sought to have some one present the subject, but did not succeed, hence we will have to forego its consideration at this time.

We had sent to us a paper, a very short paper, by one of our members, a very prominent member—one who has been a member, I believe, since the organization of the Association—and with a modesty that is peculiar to most insurance men, he does not wish his name mentioned in connection with it. Mr. Smith has the paper, and I will ask him to read it at this time. It will only occupy a very few moments of your attention, and will be well worthy of it.

#### Mr. T. H. Smith—

At this late hour, I feel that the convention would prefer that this

should be placed on file and printed with our report. If the convention prefers, I will read it, however.

The President: What is your pleasure, gentlemen?

Mr. H. C. Eddy—

If it is any more than two pages, perhaps we had better not listen to it.

Mr. Smith: Three and a half.

Mr. Eddy—

We had better draw the line, I think, on two pages.

The President—

If there are no further objections offered, Mr. Smith will read the paper.

Mr. T. H. Smith then read the paper, as follows:

#### FROM 1860 TO 1885.

##### *What Progress has been Made in Fire Insurance During the Last Quarter of a Century?*

MR. PRESIDENT AND GENTLEMEN OF THE FIRE UNDERWRITERS' ASSOCIATION OF THE NORTHWEST:

It is said that no man should put his hand to the plow and look back, but if we can learn any wisdom by an occasional retrospective view it would appear prudent to indulge the mind and memory a little in this respect, to the end that we may avoid, if possible, some of the mistakes of the past.

It will be claimed, no doubt, that in these days of telegraphs, telephones and daily reports, that companies and their Managers must necessarily be better posted on passing events than in 1860 when the country agent depended on the mail rider, the stage coach and monthly abstracts. It is true that fire burns no more rapidly now—unless fed with modern kerosene, gasoline and their kindred products—than it did then, and there has been a vast increase of insurable and combustible property since 1860.

You may appoint an agent or accept a risk a thousand miles away and receive the premium therefor all by telegraph within an hour, but it may be questioned whether it is of any real advantage to know within an hour after it burns whether it is a total loss or only partial. The advantages of quick time and returns are not always perceptible.

Many years ago when the old Protection Insurance Company failed and notified its agents in the West that the company had ceased to do business, one of its representatives in this State went on doing business,

remitting premiums, etc., for nearly three months, as the slow coach mail over the mountains, down the Ohio, up the Mississippi and Illinois rivers and out twenty-five miles in the interior on horseback, left the agent in blissful ignorance of the fate of the company.

Twenty-five years ago the traveling agent found great difficulty in persuading property-owners to insure, and it took more time to convince them of the benefits and advantages of fire insurance than it does at this day; but once insured, the policy was likely to remain, as there was neither a desire to change companies or agents, nor so apt to be a wish to realize on the investment.

In those days the writer remembers visiting towns in Illinois containing two to three thousand people where, perhaps, one or two insurance policies were in force, but at least 98% of the property, real and personal, was uninsured, and never had been insured. An insurance agent was a curiosity to most people then, but they are not so rare now. In fact, it is a poor town, indeed, that does not now boast of ten or a dozen agents, with clerks, elegant offices, blazing signs, type-writers, telephones, and all the paraphernalia that goes so far towards making the average agent proud of his calling.

It is an interesting study to compare rates obtained in 1860 to 1862, without the aid of Compacts or Local Boards, with those now demanded, but so seldom obtained, unless under the most stringent mandatory rules, and the aid of all the machinery now in use.

As Illinois is a central State, figures applicable to property within its bounds will be a fair average, I presume. Let us take the most hazardous first: Frame planing mills paid 10% and frequently 12%, in 1860, '61 and '62. I think very few are rated now, even in towns without fire protection or water supply, above 7 and 8%.

The writer served on the first rating committees which made tariffs for Local Boards in Illinois, and our old rule was to charge 1% for every frame building in a frame row, not exposed by manufacturing risks, and one-half of 1% less for non-hazardous stocks. In these days we frequently hear of exorbitant rates in frame rows, when, on examination, we find not half the above figures are asked by the most conservative, and as soon as a hand-engine is contracted for, there is a clamor for reduction made, public meetings held, and agents frequently join in a demand for "25% off for fire department."

Twenty-five years ago we had but little kerosene oil, no gasoline lamps or stoves, no patent non-inflammable-non-explosive-suicide-by-the-short-cut-devices, such as we now meet on every turn. Our fathers did not believe in stovepipes through partition walls or roof, but built chimneys as they built walls, to stay and perform the work that was expected of them.

Brick stores, unexposed, paid 1½% from 1859 to about 1864 in Illinois,

and the agent was paid 10% commission. Frame dwellings, entirely unexposed and occupied by owners, paid 75 cents one year,  $1\frac{1}{2}\%$  three years, and  $2\frac{1}{2}\%$  five years, during the same period, and same commissions, 10% to agents, were allowed, and no perquisites or pen-knives.

The writer remembers visiting a town (now under Compact) in Illinois in 1865, and under instructions of a General Agent, canceled off a line of eight or ten detached frame dwellings because the agent had taken the liberty of writing them up at  $1\frac{1}{2}\%$  for three years. The company demanded full office tariff— $1\frac{1}{2}\%$ —and *they were all canceled after half a day spent in trying to convince the owner that they could not be insured at anything less and give any profit.* The Compact rate on these same risks is now 1% three years, and the agent gets 15% commission, and if they were located a few hundred feet further away, so as to be classed as country property, he would doubtless get 25% commission, take a slow note for the premium, throw in a "cyclone policy," and attach a "cut-throat mortgage clause" to boot.

In short, we may have made progress in some directions, but those of us that have grown gray in this business may be excused if, at times, we think that, like the boy who was late at school because, as he told the teacher, "it was so slippery that every time he took a step forward he slid two steps backward," we might turn round and go the other way a while, with some certainty that we are nearing the school-house.

OLD FOGY.

The President—

The subject presented by Mr. Potter has not been disposed of.

Mr. H. C. Eddy—

I was just about to ask for the motion that was pending when we adjourned at noon, and that was Judge Potter's motion. I beg to say that a great many of the papers—most of the papers that we have listened to—are intended evidently for the instruction of the membership of this Association, and they will find their place in the record of the Proceedings of this meeting, and will no doubt be read with great interest by the absent members as well as by those who have already heard the addresses. But two of these, however, have very valuable material addressed not entirely to the members. I refer now to the address on the "Compact System," by Major McCluer, and also the very fine address by Mr. A. Williams. Judge Potter evidently felt as I did, that these papers ought to have a wider distribution than they can possibly have in the published Proceedings of this meeting. He, therefore, made a motion to print 500 extra copies of Major McCluer's address. I am told, however, by some of the older members of the Association, that there is a rule prohibiting or preventing that course. But I do think that if the matter is left with the Executive Committee, that they may find some plan to circulate extra copies of Mr. McCluer's address,

and also a great many copies of Mr. Williams' very fine address. That address is intended for the insuring public, is very instructive, and can bring great fruit to this Association by a large circulation.

The President—

Does Mr. Eddy move, then, that Mr. Potter's motion be taken from the table and referred to the Executive Committee?

Mr. Eddy—

I move that the matter of distribution of extra copies of those two addresses be left to the discretion of the Executive Committee.

Mr. W. F. Fox—

Before that motion is put, I wish to say that Mr. Potter anticipated me really in that matter. I had intended to ask this Association to vote that 500 extra copies of that most admirable address should go to the public—not to the insurance people—but to the public, to enlighten them as to our means and ways and wants; that they should be published separate and apart from the Proceedings for distribution among the companies, in part, and a part held for distribution among legislators, in future, for their edification. I think it is one of the best arguments that possibly could be placed in the hands of legislators, as going to show our position as insurers. I hope that the Executive Committee will act favorably upon that motion, and not fail to have 500 copies, at least, of Mr. Williams' paper struck off. It was suggested to change it into a thousand. Even that would not be too many; we cannot have too many. If we could flood the country it would be all the better.

Mr. Eddy—

If that can be done by vote of the Association instructing the Executive Committee to print a certain number of copies, I will be very glad to have it done in both cases. But I am told there is a rule preventing that. My suggestion then was to leave it to the discretion of the Executive Committee to find some plan by which they could circulate it in even larger numbers than 1,000.

Mr. T. H. Smith—

It was formerly the custom of our Association, after an address had been read, for somebody to get up and make a motion that we would have 500 or 1,000 extra copies. It got so that it was done with almost every address. The singling out of this man or that man made hard feelings. The expense got to be considerable, and finally the rule was passed that so far as the Association was concerned, they would not print any of these papers outside of the regular report. It was thought that that course would be best for all concerned. I recollect one year there was three

separate papers passed upon to have 1,000 extra copies of. It was afterwards taken up by the Association and reconsidered after it had been ordered. And the rule was then passed, after a great deal of discussion.

Mr. W. F. Fox—

I would ask Mr. Smith if it is anything more than a rule in regard to the extra copies? Is it a part of the Constitution and By-laws?

Mr. Smith—

It is not a part of the Constitution and By-laws.

Mr. Fox: It is simply a rule?

Mr. Smith: Yes, sir.

Mr. Fox—

Then the rule can be changed by a vote of this house.

Mr. Smith: I do not remember the exact wording of it.

Mr. Fox—

Well, assuming that it can be changed, I will make a motion that the rule be suspended so far as the publication of the two essays by Mr. McCluer and Mr. Williams are concerned, and that the original motion of Mr. Potter be considered as an instruction or suggestion to the committee.

The President—

I will act upon your motion first, and then upon Mr. Potter's afterwards.

Mr. Fox—

I move first, then, to suspend the rules, so that the other motion may be put.

The motion to suspend the rules was carried.

Mr. H. C. Eddy—

Now, it is in order to call up the motion that was made this morning by Judge Potter, and in his absence, I am here to protect his motion so far as I can. I will therefore move, in the name of Judge Potter, that the committee be instructed to publish 1,000 copies of Mr. Williams' address and 500 copies of Major McCluer's address, for general distribution.

Mr. W. F. Fox: I second the motion.

The motion was carried.

Mr. Geo. W. Hayes—

All old members will recollect with pleasure the names of many who have contributed largely to the welfare and prosperity of our Association—members who are always seen with us while living; men who were true friends, worthy co-laborers, and an honor to their profession.



Mr. President: It seems to me exceedingly fitting that we, as we are here assembled in our annual meeting, pay some tribute to their memory. I would move you, sir, that our Secretary read the memorial roll from our reports, and that we all unite in singing "Auld Lang Syne." In this connection, I would say that we have the organist here, the music is provided, and we have the slips prepared so that each member can have one for his use.

The President—

I suppose it is the intention of Mr. Hayes to have these exercises at the close of this session?

Mr. Hayes—

Yes, sir, at the close of this session. I make that as a motion.

Mr. Buckman: I move it be adopted.

The motion was carried.

The President—

I am just reminded of the fact that we have not elected a Librarian.

Mr. Buckman—

The Librarian is not an elective officer. Has the Library Committee been appointed?

The President—

No, sir, I have the names before me now. The Library Committee will be: A. W. Spalding, T. H. Smith and D. A. Beveridge. The Secretary advises me that Mr. Beveridge is not a member at this time, therefore I will appoint in his place Major Bliven. Are there any committees who have not reported?

Mr. W. F. Fox—

It is a little late to introduce any subject now, and I hardly feel warranted—I even feel guilty in doing so. But I feel that this is a practical sort of meeting, and should have practical results. We theorize a good deal, and our theories are good, but we want some sort of machinery to put them into execution. I had prepared a resolution which I thought to offer as the sense of the Association on the points presented, so that it might go on record as to whether or not we would reduce our theories to practice in that sort of manner. If the Chair and the members do not think it too late, I will simply offer them and pass them in that they may go into the record, and a vote will be had, of course, on them. But they need not excite any discussion. For myself, I would not attempt to sustain them by a discussion, and would not care to invite any. I will simply offer them.

The President—

I doubt not that the gentlemen would be glad to hear any resolution that Mr. Fox has to offer. If there are no objections, we will listen to them now.

Mr. Fox—

I feel that we ought to formulate our theories in some sort of way, put them into such form that our superiors can realize what we know and how we feel on various points. Therefore, I have prepared a resolution which I will offer, without further comment.

*“Resolved, That it is the sense of this Association that the present condition of the business of fire underwriting in this country demands the application of the following, among other remedial measures, to-wit: First, the adoption of a co-insurance clause or condition in policies making the assured in every case of either partial or total loss a co-insurer to the extent of one-quarter of such loss, except that in certain cases or on a certain class of risks a less proportion than one-quarter may be carried by the assured, but not less than 5 %, thereby limiting the liability of companies to a range of from 75 to 95% of all losses incurred; second, the adoption of the part flat, part contingent commission plan of compensating agents, thereby making them directly interested in losses to the extent of a loss of the premium on policies under which losses occur; third, the adoption of a more complete system of schedule rating to be applied to all classes of risks, for which basis rates shall be furnished, charges made in addition for defects, and credits allowed for improvements; fourth, the resistance of all claims for loss when fraud is suspected.”*

I offer that as a resolution expressive of the sense of the Association.

Mr. H. H. Hobbs: I move the adoption of it.

The motion was carried.

Mr. Hobbs—

I move that the thanks of this Association be tendered to our retiring President, Vice-President and Secretary, for the able manner in which they have conducted the meeting at our present session; and also to each and every one of the essayists who have favored us with their papers.

Mr. J. G. Finnie—

In seconding that motion, I would call his attention to the fact that our Secretary is not retiring. It is his intention to hold the office for seven years.

Mr. Hobbs—

That amendment I will accept. He is retiring for this term.

The President—

The modesty of the President must preclude him from putting that motion.

Mr. Hobbs then put the motion to the house, and it was carried unanimously. There were calls for a speech from the President.

The President—

I wish to make grateful acknowledgment, gentlemen, for the kindnesses you have shown me. Whatever of success has attended this meeting has been due to you. You have borne with me patiently. Whatever errors I have made have been errors of judgment. From the moment that I assumed this responsible position till now, I assure you that nothing of a personal character has entered my mind in considering any subject in connection with the Association. I have had nothing at heart but its best interests, and I hope, gentlemen, that whatever has seemed to you to be an error, will be regarded as an error of judgment.

A reference was made here this morning that grieved me much—not on personal grounds, but because of the injury it might do to the feelings of others—that a mistake had been made in inviting gentlemen from the East to address us. I would say that upon our programme there appeared but two gentlemen from the East—underwriters. One of them, unfortunately, we could not hear from. I hope that the gentlemen who heard these remarks will not consider them as in any way personal, but that the good brother who made them, like most of us, made an error. I am sure that if he had the same subject to treat again, perhaps he would think twice before he would speak. I am under deep obligations to the gentlemen from the East for their kindness and the great assistance they gave me in completing this programme. Gentlemen from the West were invited. There is nobody but those who have occupied the position of President of this Society, who can know or appreciate the great difficulties attending the preparation of a programme. I presume if I could concentrate the time that I have spent upon this programme, it would equal almost one-quarter of the past year. The future Presidents of this Association will have my sympathies as none in the past have ever had.

And I wish to say to my successor, that he can depend upon me for help in any way that is within my power to render to him. And I hope, gentlemen, that you will show the same interest in the Association during the coming year that you have in the past, and do all you can to make it a grand success.

If any of the gentlemen call to mind any unfinished business that it is important to transact before we close, please remind the President of it now.

Mr. E. C. Lewis—

I believe there is no unfinished business on the programme, except a couple of discussions, and I think it is very evident that if we have an evening session we would have a very thin audience. I now move that we adjourn by the singing of "Auld Lang Syne."

The motion was carried.

Mr. W. F. Fox—

I move that we all stand while we sing.

The President—

Will the musicians of our Association be kind enough to come forward and conduct the singing? Mr. Hayes, I believe, is the musician of the Association. Will he be kind enough to come forward and lead the singing?

The members of the Association then rose to their feet, and, accompanied by the organ, all sang

#### AULD LANG SYNE.

Should auld acquaintance be forgot,  
And never brought to mind?  
Should auld acquaintance be forgot,  
And days o'lang syne.

For auld lang syne, my dear,  
For auld lang syne,  
Wee'l tak' a cup o' kindness yet,  
For auld lang syne.

[Here the Secretary read the names of deceased members.]

We twa ha'e run about the braes,  
And pu'd the gowans fine;  
But we've wandered mony a weary foot,  
Sin auld lang syne, etc.

We twa ha'e paidlet i' the burn,  
Frae morning sun till dine;  
But seas between us braid ha'e roared,  
Sin auld land syne, etc.

And there's a' hand, my trusty feire,  
And gie's a' hand o' thine;  
And wee'l tak' a right gude willie waught,  
For auld lang syne, etc.

After which the convention was declared adjourned.

## HISTORICAL.

### Annual Meetings of the Association.

- 1871.—DAYTON, OHIO, Feb. 22:  
C. E. BLIVEN, - - - *Chairman.*  
\*J. S. REED, - - - *President.*—R. L. DOUGLASS, - - - *Vice-President.*  
C. E. BLIVEN, - - - *Sec. and Treas.*
- 1871.—INDIANAPOLIS, IND., July 25 and 26:  
J. S. REED, - - - *President.*—R. L. DOUGLASS, - - - *Vice-President.*  
\*A. C. BLODGET, - - - " —C. W. MARSHALL, - - - "  
C. E. BLIVEN, - - - *Sec. and Treas.*
- 1872.—DETROIT, MICH., July 18, 19 and 20:  
A. C. BLODGET, - - - *President.*—C. W. MARSHALL, - - - *Vice-President.*  
C. E. BLIVEN, - - - *Sec. and Treas.*
- 1872.—CHICAGO, ILL., Sept. 18 (Special):  
A. C. BLODGET, - - - *President.*—C. W. MARSHALL, - - - *Vice-President.*  
\*R. J. SMITH, - - - " —S. LUMBARD, - - - "  
C. E. BLIVEN, - - - *Sec. and Treas.*
- 1873.—MILWAUKEE, WIS., July 16 and 17:  
R. J. SMITH, - - - *President.*—S. LUMBARD, - - - *Vice-President.*  
C. E. BLIVEN, - - - *Sec. and Treas.*
- 1874.—LOUISVILLE, KY., May 20 and 21:  
R. J. SMITH, - - - *President.*—S. LUMBARD, - - - *Vice-President.*  
C. E. BLIVEN, - - - *Sec. and Treas.*
- 1875.—CHICAGO, ILL., Sept. 23, 24 and 25:  
C. W. MARSHALL, - - - *President.*—J. O. WILSON, - - - *Vice-President.*  
C. E. BLIVEN, - - - *Sec. and Treas.*
- 1876.—CHICAGO, ILL., Sept. 27 and 28:  
J. O. WILSON, - - - *President.*—B. VERNOR, - - - *Vice-President.*  
C. E. BLIVEN, - - - *Sec. and Treas.*
- 1877.—CHICAGO, ILL., Sept. 19, 20 and 21:  
C. E. BLIVEN, - - - *President.*—P. P. HEYWOOD, - - - *Vice-President.*  
GEO. W. HAYES, - - - *Sec. and Treas.*
- 1878.—CHICAGO, ILL., Sept. 18 and 19:  
I. S. BLACKWELDER, *President.*—J. M. DRESSER, - - - *Vice-President.*  
GEO. W. HAYES, - - - *Sec. and Treas.*
- 1879.—CHICAGO, ILL., Sept. 17 and 18:  
GEO. W. ADAMS, - - - *President.*—W. B. CORNELL, - - - *Vice-President.*  
GEO. W. HAYES, - - - *Sec. and Treas.*
- 1880.—CHICAGO, ILL., Sept. 8. and 9:  
A. W. SPALDING, - - - *President.*—A. J. WATERS, - - - *Vice-President.*  
GEO. W. HAYES, - - - *Sec. and Treas.*
- 1881.—CHICAGO, ILL., Sept. 14 and 15:  
J. M. DRESSER, - - - *President.*—E. F. RICE, - - - *Vice-President.*  
GEO. W. HAYES, - - - *Sec. and Treas.*
- 1882.—CHICAGO, ILL., Sept. 6 and 7:  
W. B. CORNELL, - - - *President.*—J. M. NEWBERGER, - - - *Vice-President.*  
GEO. W. HAYES, - - - *Sec. and Treas.*
- 1883.—CHICAGO, ILL., Aug. 29 and 30:  
JAMES M. DE CAMP, *President.*—C. W. POTTER, - - - *Vice-President.*  
GEO. W. HAYES, - - - *Sec. and Treas.*
- 1884.—CHICAGO, ILL., Sept. 17 and 18:  
CYRUS K. DREW, - - - *President.*—T. J. ZOLLARS, - - - *Vice-President.*  
J. C. GRIFFITHS, - - - *Sec. and Treas.*
- 1885.—CHICAGO, ILL., Sept. 10 and 11:  
J. L. WHITLOCK, - - - *President.*—T. H. SMITH, - - - *Vice-President.*  
J. C. GRIFFITHS, - - - *Sec. and Treas.*
- 1886.—CHICAGO, ILL., Sept. 23 and 24:  
W. F. FOX, - - - *President.*—H. H. HOBBS, - - - *Vice-President.*  
J. C. GRIFFITHS, - - - *Sec. and Treas.*

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\* Elected and entered upon their duties at this session.

## DIRECTORY OF MEMBERSHIP.

NAME.	ADDRESS.	TITLE.	COMPANY.
Abbey, A. J. B.,	San Antonio, Tex.,	Special Agent,	Home Ins. Co., N. Y.
Adams, Geo. W.,	Chicago, Ill.,	General Agent,	Citizens, Pittsburg.
Affeld, Chas. E.,	174 LaSalle, Chicago,	Manager,	Hamburg-Bremen Ins. Co.
Allen, E. L.,	Erie, Pa.,	Ass't Gen'l Agt.,	Ins. Co. North America.
Alverson, H. C.,	Des Moines, Ia.,	Secretary,	Pennsylvania Fire.
Andrus, S. D.,	150 LaSalle, Chicago,	Special Agent,	Globe Ins. Co.
Appel, D. F.,	210 LaSalle, Chicago,	Special Agent,	Sun Fire Office.
Armstrong, G. W.,	Des Moines, Ia.,	Special Agent,	Star, N. Y.
Armstrong, F. W.,	Indianapolis, Ind.,	State Agent,	Union, Phila.
Arnold, Fred. W.,	Custom House, Providence,	President,	Underwriters' Agency, N. Y.
Ashbrook, J. T.,	Indianapolis, Ind.,	Compact Manager,	Germania, N. Y.
Atwood, H. F.,	Rochester, N. Y.,	Secretary,	Equitable F. & M., R. I.
Ayres, J. L.,	Warsaw, Ind.,	Special Agent,	Rochester German Ins. Co.
Baird, C. T.,	Louisville, Ky.,	Secretary,	Niagara, N. Y.
Banta, Geo.,	Menasha, Wis.,	Special Agent,	Union, Louisville.
Barnes, John A.,	Decatur, Ill.,	Secretary,	Phenix, N. Y.
Barnum, W. L.,	205 LaSalle Chicago,	Secretary,	Commonwealth Mut. Ins. Co.
Barton, W. T.,	22 Market Square, Provi-	President,	Millers' National, Ill.
Barret, J. J.,	dence, R. I.,	Secretary,	Merchants', R. I.
Barry, Chas. H.,	405 W. Main, Louisville, Ky.	State Agent,	Franklin Ins. Co., Louisville.
	Alton, Ill.,		Ins. Co. North America.
			Pennsylvania Fire.
Bassett, E. J.,	1 Charter Oak Place, Hart-	General Agent,	Etna, Hartford.
	ford, Conn.,		
Bates, J. F.,	Dubuque, Ia.,	State Agent,	
Beach, Ed. P.,	Springfield, Ill.,	Special Agent,	Howard Ins. Co., N. Y.
Beattie, J. H.,	262 Vine, Cincinnati, O.,	Secretary,	Amazon Ins. Co.
Bennett, J. B.,	Indianapolis, Ind.,	Commissioner,	Union Compact No. 4.
Bentley, W. G.,	417 Locust, St. Louis, Mo.,	Sup't Agencies,	Continental, N. Y.
Berne, J. J.,	160 LaSalle, Chicago,	General Adjuster,	Traders' Ins. Co., Chicago.
Bigelow, C. H.,	Third and Jackson, St. Paul,	President,	St. Paul Fire and Marine.
Black, J. P.,	157 & 159 LaSalle, Chicago,	Adjuster,	Fireman's Fund, California.
Blackwelder, I. S.,	179 LaSalle, Chicago,	Manager,	Niagara, N. Y.
Bliven, Chas. E.,	Chicago,	Manager,	American, Phila.
Bowers, H. E.,	54 William, New York,	Manager,	Guardian, London.
Briggs, Theo. W.,	Appleton, Wis.,	Special Agent,	Fire Association, Phila.
Brown, E. H.,	Kansas City, Mo.,	Special Agent,	Conn. Fire Ins. Co.
Brown, M. O.,	156 & 158 LaSalle, Chicago,	General Agent,	Westchester, N. Y.
Bryant, Leon.,	51 W. Third, Cincinnati, O.,	Adjuster,	Queen and British America.
Buckman, R. M.,	171 LaSalle, Chicago,	General Agent,	R. I. Underwriters' Ass'n.
Burns, M. J.,	209 Main, Ottumwa, Ia.,	Special Agent,	City of London Ins. Co.
Burrows, D. W.,	Chicago,	Gen'l Adjuster,	Ins. Co. North America.
Burt, Fred. E.,	34 W. Congress, Detroit,	Sup'r Agt. & Adj.,	Pennsylvania Fire.
Burch, H. F.,	Big Rapids, Mich.,	Special Agent,	Niagara, N. Y.
Caldwell, W. W.,	206 LaSalle, Chicago,	Manager,	Traders', Chicago.
Campbell, P. S.,	Louisville, Ky.,	Adjuster,	New Orleans Ins. Co.
Carroll, C. E.,	Louisiana, Mo.,	Special Agent,	
Carson, R. B.,	540 Vernon Av., Chicago,	Special Agent,	Northern Assurance, Eng.
Cary, Eugene,	159 LaSalle, Chicago,	Manager,	Lorillard, N. Y.
Caswell, Jas. H.,	153 & 155 LaSalle, Chicago,	Adjuster,	German-American, N. Y.
Chapman, E. F.,	160 LaSalle, Chicago,	Special Agent,	Germania Fire, N. Y.
Chard, Thos. S.,	157 & 159 LaSalle, Chicago,	Manager,	Queen Ins. Co.
Cherry, H. A.,	Des Moines, Ia.,	Special Agent,	Fireman's Fund, Cal.
Chittenden, W. Gus,	177 LaSalle, Chicago,	General Agent,	Northern Assur. Co., Eng.
Clark, N.,	Bay City, Mich.,	Special Agent,	Merchants' Ins. Co., N. J.
Clarkson, H.,	Topeka, Kan.,	Special Agent,	American, Phila.
			London Assurance.

NAME.	ADDRESS.	TITLE.	COMPANY.
Cleveland, H. C.,	Rock Island, Ill.,	Special Agent,	Norwich Union, Eng.
Cobb, C. D.,	Denver, Col.,	General Agent,	Western, Toronto.
Collins, Martin,	212 Olive, St. Louis,	General Agent,	Traders', Chicago.
Condit, E. M.,	Anamosa, Ia.,	General Agent,	Fire Association, Phila.
Coon, Levi,	Quincy, Ill.,	Special Agent,	Sun Fire, Eng.
Cornell, H. F.,	161 & 163 LaSalle, Chicago,	Special Agent,	Detroit F. and M. Ins. Co.
Cornell, W. B.,	Fort Scott, Kan.,	Supt. W. Dept.,	Sun Fire, Eng.
Cormany, W. A.,		Special Agent,	North British & Mercantile.
Coudrey, John N.,	117 N. Third, St. Louis, Mo.,	State Agt. & Adj.,	North British & Mercantile.
Covington, John I.,	Cincinnati, O.,	Secretary,	Ins. Co. North America.
Cowles, C. S.,	Des Moines, Ia.,	Special Agent,	Pennsylvania Fire.
Crabbe, Ralph,	Evanston, Ill.,	Special Agent,	Equitable Acc. Ins. Co.
Cramer, Adolf J.,	Milwaukee, Wis.,	Secretary,	Royal, Eng.
Crandall, W. H.,	Owatonna, Minn.,	Special Agent,	London and Lancashire.
Cratsenberg, A. A.,	St. Paul, Minn.,	State Agent,	City of London, Eng.
Critchell, E. S.,	141 & 143 LaSalle, Chicago,	General Agent,	Milwaukee Mechanics.
Crooke, Geo.,	Milwaukee, Wis.,	Special Adjuster,	Merchants', N. J.
Crooke, W. D.,	204 LaSalle, Chicago,	Manager,	German-American, N. Y.
Cunningham, J. L.,	Glens Falls, N. Y.,	Secretary,	Lumberman's, Phila.
Cunningham, W. H.,	Chicago,	General Agent,	Liverpool & London & Globe.
Cunninghame, A. M.,	Louisville, Ky.,	Supt Agencies,	Northern Assur. Co., London.
Daggett, P. A.,	Muscodia Wis.,	Special Agent,	Glens Falls Ins. Co., N. Y.
Daniel, T. R.,	Minneapolis, Minn.,	Special Agent,	Fire Association.
Dargan, J. T.,	Dallas, Tex.,	Associate General Agent,	Queen, Liverpool.
Dean, Thos. L.,	Chicago,	Spec'l Ag't & Adj'r,	Home Ins. Co., N. Y.
De Camp, Jas. M.,	Cincinnati, O.,	General Agent,	North British & Mercantile.
*De Camp, D. J.,	Schenectady, N. Y.,	General Adjuster,	Fire Association, Phila.
De Forest, E. F.,	180 LaSalle, Chicago,	Gen. Western Agt.,	American, Phila.
De Roode, Holger,	210 LaSalle, Chicago,	Manager,	Continental, N. Y.
Devin, D. T.,	210 LaSalle, Chicago,	Special Agent,	Niagara, N. Y.
DeWolf, J. H.,	Providence, R. I.,	President,	Hartford Fire Ins. Co.
Dietz, Jacob C.,	Anamosa, Iowa,	State Agent,	Liverpool & London & Globe.
Dresser, Jasper M.,	12 N. 4th, LaFayette, Ind.,	Financial Agent,	Liverpool & London & Globe.
Drew, C. K.,	Evansville, Ind.,	Gen'l Insurance.	Farmers' Fire, York, Pa.
Dulles, John Welsh,	110 S. Fourth, Philadelphia	Secretary,	Providence-Washing'tn, R. I.
Eddy, H. C.,	157 and 159 LaSalle, Chicago,	Resident Secret'y,	Clinton Fire Ins. Co., N. Y.
Ferguson, W. B.,	Rock Island, Ill.,	Secretary,	Glens Falls Ins. Co.
Ferguson, W. G.,	161 LaSalle, Chicago,	General Agent,	Providence-Washington.
Finnie, J. G.,	Chicago,	Adjuster,	Traders', Chicago.
Follambe, Theo. D.,	162 LaSalle, Chicago,	Special Agent,	National of Hartford.
Follette, John T.,	Newport, Ky.,	Special Agent,	Fire Insurance Co. of Coun-
Force, F. L.,	159 LaSalle, Chicago,	Special Agent,	ty of Philadelphia.
Ford, Chas. H.,	33 Pine, New York,	Supt. Agencies,	Commercial Union, Eng.
Fox, W. F.,	173 LaSalle, Chicago,	General Adjuster.	Mississippi Valley Ins. Co.
Franklin, Morris,	Chicago,	Ass't Manager,	Manufacturers' Mutual.
Freeman, W. R.,	177 LaSalle, Chicago,	General Agent,	Lancashire, England.
French, B. W.,	218 LaSalle, Chicago,	General Agent,	Western Inspection and Ad-
French, Chas. L.,	Jacksonville, Ill.,	President,	justment Company.
Gano, Gazzam,	260 Vine, Cincinnati, O.,	Special Agent,	Guardian, England.
Gardner, Edward,	Cincinnati, O.,	Gen'l Adjuster.	North British & Mercantile.
Garnsey, D. G.,	Grand Rapids, Mich.,	Ass't Manager,	German-American, N. Y.
Garrigue, R. H.,	Chicago,	Manager,	London and Provincial.
*Glassford, H. A.,	38 & 40 State, Albany, N. Y.,	Special Agent,	Niagara Ins. Co.
Glidden, H. H.,	Detroit, Mich.,	Adjuster.	Norwich Union, Eng.
Gould, Geo. D.,	Chicago,	Manager.	Orient, Hartford.
Gray, D. F.,	Rockford, Ill.,	Spec'l Ag't & Adj'r,	Glens Falls Ins. Co.
Gray, H. F.,	St. Louis, Mo.,	State Agent,	Amazon, O.
Griffiths, J. C.,	Madison, Wis.,	State Agent,	Niagara, N. Y.
Griffiths, J. H.,	Minneapolis, Minn.,	Compact Manager.	Independent.
Griswold, C. C.,	Grand Rapids, Mich.,	Special Agent,	Germania, N. Y.
Grover, C. N.,	Philadelphia, Pa.,	Spec'l Ag't & Adj'r,	Manuf. Ins. Co., Boston.
Hall, J. B.,	147 LaSalle, Chicago,		North British & Mercantile.

\* Honorary Members.

NAME.	ADDRESS.	TITLE.	COMPANY.
Hall, Geo. W.,	St. Paul, Minn.,	Compact Manager.	Western Assurance, Toronto.
Hall, John C.,	217 Olive, St. Louis, Mo.,	General Agent,	Germania, N. Y.
Halle, E. G.,	153 & 155 LaSalle, Chicago,	Manager,	Commercial Union, Eng.
Hawthurst, W. F.,	Detroit, Mich.,	Special Agent,	
Hayes, Geo. W.,	452 & 454 E. Water, Milwau- kee, Wis.,	General Agent,	Western Assurance, Toronto.
Heaford, H. H.,	155 LaSalle, Chicago,	General Adjuster,	Phoenix, Hartford.
Hersh, G. Edward,	York, Pa.,	President,	Farmers' Fire Ins. Co., York, Pa.
Hershe, H. H.,	Hannibal, Mo.,	Sp'cl Ag't & Adj'r,	Niagara Ins. Co.
Higgins, M. L.,	Fremont, Neb.,	Special Agent,	California Ins. Co.
Hildreth, L. E.,	115 Monroe, Chicago,	Sp'cl Ag't & Adj'r,	Hartford Ins. Co.
Hill, Herbert C.,	Minneapolis, Minn.,	Independent Adj'r,	
Hillyer, Edwin,	Waupun, Wis.,	Manager,	Oshkosh, Appleton and Fond du Lac Compact.
Hilton, J. M.,	Chicago,	Special Agent,	Royal Ins. Co.
Hitchcock, E. M.,	Northfield, Minn.,	Special Agent,	London and Lancashire.
Hobbs, H. H.,	Chicago,	Special Agent,	American, Philadelphia.
Holden, James L.,	177 LaSalle, Chicago,	State Ag't & Adj'r,	Norwich Union, Eng.
Holland, W. H.,	223 Olive, St. Louis, Mo.,	General Adjuster,	N. Y. Underwriters' Agency.
Hollinshead, C. S.,	Philadelphia, Pa.,	Manager FireDep't,	Independent.
Holloway, Geo. A.,	177 LaSalle, Chicago,	Assistant Manager,	Union Ins. Co., Phila.
Holman, Isaac W.,	Boston, Mass.,	General Agent,	Niagara, N. Y.
Holman, C. J.,	Cincinnati, O.,	Resident Secretary,	British-America.
Hosmer, Frank B.,	168 LaSalle, Chicago,	Special Agent,	Commercial Union, Eng.
Hough, E. A.,	Jackson, Mich.,	Special Agent,	
House, S. R.,	Painesville, O.,	General Agent,	
Howley, John,	168 LaSalle, Chicago,	General Agent,	Glens Falls Insurance Co.
Hubbell, H. P.,	Winona, Minn.,	Special Agent,	Scottish Union & National.
Huston, M. A.,	251 Fifth street, Louisville,	Secretary,	Lion, Eng.
Iretton, E. L.,	24 W. 4th, Cincinnati, O.,	M'g'r East. Dep't,	Springfield F. & M.
Jewett, W. H.,	Ypsilanti, Mich.,	Special Agent,	Louisville Ins. Co.
Johnson, E. C.,	Michigan City, Ind.,	Special Agent,	California Ins. Co.
Johnston, Jas. C.,	Louisville, Ky.,	State Agent,	Hartford Fire, Conn.
Jones, Jas. A.,	88 Griswold, Detroit, Mich.,	General Agent,	Springfield F. & M.
Jones, Wm. L.,	82 Michigan, Milwaukee,	Special Agent,	Ins. Co. North America.
Kemp, O. C.,	Greenville, Mich.,	Special Agent,	Pennsylvania Fire.
Kerr, R. H.,	150 LaSalle, Chicago,	Special Agent,	Western Assurance, Toronto.
Kibbee, C. W.,	St. Paul,	State Ag't & Adj'r,	N. B. & Mercantile.
*Knowles, Chas. W.,	Albany, N. Y.,	Manager,	Rochester German Ins. Co.
Lamey, H. T.,	Nevada, Mo.,	Sp'l Ag't & Adj'r,	N. Y. Alliance.
Lawrence, Milo E.,	Indianapolis, Ind.,	Special Agent,	Connec. Fire of Hartford.
Leavitt, C. F.,	Springfield, Mo.,	Special Agent,	Royal Ins. Co.
Lee, J. O.,	Chicago,	Adjuster,	British America.
Lessey, E. N.,	Indianapolis, Ind.,	State Agent,	Fireman's Fund, Cal.
Letton, T. W.,	161 & 163 LaSalle, Chicago,	Manager,	Union, Cal.
Lewis, Edwin C.,	161 LaSalle, Chicago,	Special Agent,	North British & Mercantile.
Lindsey, H. K.,	Cincinnati, O.,	General Agent,	Phenix, N. Y.
Little, F. W.,	Pleasant Hill, Mo.,	Special Agent,	Continental, N. Y.
Littlejohn, W. J.,	St. Joseph, Mo.,	Superv'r and Adj'r,	Fire Ins. Association, Eng.
Lovejoy, Geo. M.,	St. Paul, Minn.,	Special Agent,	Boylston, Boston.
Low, C. F.,	New Orleans, La.,	Dep. Ass't Sec'y,	Lancashire, Eng.
Lyman, E. W.,	150 LaSalle, Chicago,	General Agent,	Lancashire, Eng.
Lyman, W. R.,	New Orleans, La.,	President,	Connecticut Fire.
Lyon, Geo. M.,	Chicago,	Manager,	German-American, N. Y.
Magill, H. M.,	24 W. Fourth, Cincinnati, O.,	General Agent,	L. & L. & G. Ins. Co.
Main, A. H.,	Madison, Wis.,	Special Agent,	N. Y. Alliance.
Maitland, T. L.,	200 LaSalle, Chicago,	Special Agent,	Crescent Ins. Co.
Mansfield, G. W.,	155 LaSalle, Chicago,	Special Agent,	Home Ins. Co., N. Y.
Marot, B.,	Dayton, O.,	Special Agent,	Phenix, Hartford.
Marshall, C. W.,	Urbana, O.,	State Agent,	German-American, N. Y.
Marshall, J. F.,	179 LaSalle, Chicago,	Adjuster,	St. Paul F. & M. Ins. Co.
McCluer, J. L.,	Kansas City, Mo.,	Manager,	Imperial Fire, Eng.
McCord, W. B.,	Minneapolis, Minn.,	Special Agent,	St. Paul F. & M. Ins. Co.
McCurdy, Robt.,	Madison, Wis.,	Sup't Agts & Adj'r,	Home Ins. Co., N.Y.
McDonald, J. J.,	Minneapolis, Minn.,	State Agent,	Independent.
McKnight, G. J.,	Cleveland, O.,	State Agent,	Compacts and Local Boards.
McMillan, L. S.,	179 LaSalle, Chicago,	Special Agent,	Hekla, Madison, Wis.
			Continental Ins. Co.
			Springfield F. & M.
			Niagara, N.Y.

\* Honorary Members.



NAME.	ADDRESS.	TITLE.	COMPANY.
McPike, H. G.,	Alton, Ill.,	Secretary,	Illinois Mut. Ins. Co.
Miller, Jas. A.,	Chicago,	Special Agent,	New Orleans Ins. Co.
Miller, John G.,	Burlington, Ia.,	Secretary,	Burlington Ins. Co.
Miller, Nicholas C.,	141 Broadway, New York,	President,	Star Fire Ins. Co.
Miller, A. F.,	Belleville, Ill.,	Special Agent,	American, Phila.
Monroe, Wm. M.,	31 W. Third, Cincinnati, O.,	State Agent,	N. Y. Underwriters' Agency.
Montgomery, P. A.,	Chicago,	Secretary,	Western Mfg Mut. Ins. Co.
Montgomery, I. S.,	Rockford, Ill.,	Inspector,	Western Mfg Mut. Ins. Co.
Moody, L. D.,	17 E. Market, Indianapolis,	State Agent,	Continental, N.Y.
Moore, Geo. H.,	Detroit, Mich.,	State Agent,	L. & L. & G. Ins. Co.
Moss, H. L.,	5 W. Third, St. Paul, Minn.,	State Agent,	National, Hartford.
Munn, E. V.,	Beloit, Wis.,	State Agent,	Continental Ins. Co.
Munson, E. A.,	Indianapolis, Ind.,	Special Agent,	Franklin Ins. Co., Ind.
Neuburger, J. M.,	Laporte, Ind.,	Special Agent,	German-American, N.Y.
Newman, Geo. C.,	Des Moines, Ia.,	State Agent,	L. & L. & G. Ins. Co.
Nolte, H. A.,	Milwaukee, Wis.,	Special Agent,	Concordia, Milwaukee.
Norbeck, C. E.,	LaCrosse, Wis.,	Special Agent,	Phoenix, London.
Noyes, W. A.,	St. Louis, Mo.,	Special Agent,	American, Boston.
Nunn, J. A.,	Ft. Madison, Ia.,	Special Agent,	Mercantile Marine, Boston.
Page, W. E.,	Minneapolis, Minn.,	Special Agent,	Connecticut Fire Ins. Co.
Paige, John C.,	20 Kilby, Boston, Mass.,	Resident Manager,	N. Y. Underwriters.
Palmer, H. E.,	Plattsmouth, Neb.,	State Agent,	City of London Fire, Eng.
Peetrey, Jacob,	London, O.,	State Agent,	Home Ins. Co., N.Y.
Pires, L. A.,	Dallas, Tex.,	General Adjuster,	Fire Association, Phila.
Porter, Rogers,	159 LaSalle, Chicago,	Sp'l Ag't & Adj'r,	German-American, N.Y.
Potter, C. W.,	88 Michigan, Milwaukee,	State Agent,	Etna Ins. Co.
Preston, E. C.,	Detroit, Mich.,	Secretary,	Michigan F. and M.
Raymond, M. H. N.,	Grand Rapids, Mich.,	Special Agent,	Connecticut, Hartford.
Redfield, A. F.,	177 LaSalle, Chicago,	Sp'l Ag't & Adj'r,	Independent.
Redfield, Geo. E.,	168 LaSalle, Chicago,	State Agent,	N. Y. Underwriters' Agency.
Reed, Wm.,	Chicago,	General Adjuster,	
Reger, Geo. F.,	421 Walnut, Philadelphia,	Manager,	Franklin, Phila.
Reynolds, Geo. W.,	Louisville, Ky.,	Special Agent,	Louisville Underwriters.
Rice, E. F.,	171 Vine, Cincinnati, O.,	Adjuster,	Etna, Hartford.
Richardson, C.,	Indianapolis, Ind.,	Special Agent,	Franklin Ins. Co., Ind.
Riddle, J. Irving,	6th & Main, Terre Haute, Ind.,	State Agent,	Phoenix, Brooklyn.
Robertson, J. W.,	157 LaSalle, Chicago,	Special Agent,	National Ins. Co., Hartford.
Rogers, Jos. M.,	171 LaSalle, Chicago,	Manager,	Queen Ins. Co., Eng.
Roper, Geo. S.,	Rockford, Ill.,	Secretary,	Mfg and Merch. Ins. Co.
Ross, W. F.,	Davenport, Ia.,	Manager,	Compact.
Rothermel, C. T.,	Detroit, Mich.,	Manager,	Compact.
Rowell, Alfred,	33 Pine, New York,	Special Agent,	Imperial Fire, Eng.
Rowley, J. B.,	Omaha, Neb.,	Manager,	Compact.
Russell, H. M.,	114 LaSalle, Chicago,	General Agent,	New Hampshire Ins. Co.
Salomon, L. H.,	170 LaSalle, Chicago,	Special Agent,	North-German, Hamburg.
Scott, Walter,	Kansas City, Mo.,	State Agent,	Home Ins. Co., N. Y.
Schultz, Daniel,	Milwaukee, Wis.,	General Agent,	Milwaukee Mechanics.
Schupp, Simon,	210 LaSalle, Chicago,	General Agent,	German, Freeport, Ill.
Sears, M. L.,	Chicago, Ill.,	Special Agent,	Phoenix, London.
Seiders, W. H.,	Indianapolis, Ind.,	State Agent,	Ins. Co. North America.
Shade, Chas. E.,	206 Broadway, New York,	Sp'l Ag't & Adj'r,	Pennsylvania Fire.
Shallcross, J. L.,	329 Main, Louisville, Ky.,	Secretary,	Norwich Union, Eng.
Simonds, E. A.,	153 LaSalle, Chicago,	General Agent,	Louisville Underwriters.
Smith, R. J.,	160 LaSalle, Chicago,	Secretary,	City of London Fire, Eng.
Smith, T. H.,	161 & 163 LaSalle, Chicago,	Special Agent,	Traders' Ins. Co., Chicago.
Smith, W. E.,	216 LaSalle, Chicago,	Sec'y and Man'g'r,	North British & Mercantile.
Southmayd, O. A.,	Bismarck, D. T.,	Special Adjuster,	Mutual Millers' Ins. Co.
Spencer, A. P.,	Kansas City, Mo.,	Special Agent,	Queen Ins. Co.
Spalding, A. W.,	Chicago,	Manager,	Home Mutual, Cal.
Spalding, J. A.,	Chicago, Ill.,	Special Agent,	Home Mutual of Cal.
Spear, Theo. F.,	24 W. 4th, Cincinnati, O.,	Ass't Gen'l Ag't,	Phoenix, Hartford.
Stanberry, Edw.,	Cincinnati, O.,	Special Agent,	North British & Mercantile.
Stevenson, J. H.,	208 LaSalle, Chicago,	Special Agent,	Orient Ins. Co.
Straight, H. J.,	150 LaSalle, Chicago,	General Agent,	N. Y. Alliance.
Strickler, David,	York, Penn.,	Sec. and Treas.,	Farmers' Fire Ins. Co.
Stuart, H. C.,	Kansas City, Mo.,	Special Agent,	City of London Fire, Eng.
Sweeney, Anthony,	Denver, Col.,	Special Agent,	American, Philadelphia.
Taylor, Chas. H.,	206 LaSalle, Chicago,	Sp'l Ag't & Adj'r,	Fire Association.
Taylor, R. J.,	Lakeside Bld'g, Chicago,	Sup't West'n D'p't,	American, N. J.
			Continental, N. Y.

NAME.	ADDRESS.	TITLE.	COMPANY.
Thomas, Frank S., Thompson, C. D., Tiffany, H. S., Tillinghast, J. R., Townsend, A. F., Trembor, Wm.,	Topeka, Kan., Harrodsburg, Ky., 180 & 182 Monroe, Chicago, 171 LaSalle, Chicago, 204 LaSalle, Chicago, Freeport, Ill.,	Special Agent, Adjuster, Insurance Publ'r. Assoc. Gen'l Agent, Special Agent, Ass't Secretary,	Home Mut., Cal. London & Liverpool & Globe. R. I. Underwriters' Ass'n. Northern Assurance Corpo- ration, Eng. German Ins. Co., Freeport, Ill. Niagara, N. Y. Fire Association, Phila. American, Phila. Continental, N. Y. Ins. Co. North America. Pennsylvania Fire. Western Assurance Cor. Crescent Ins. Co., N. O. Norwich Union, Eng.
Trezevant, J. T. Jr.,	Dallas, Tex.,	Assoc. Gen'l Ag't S. W. Dep't,	
Trumbull, A. J.,	565 Robert, St. Paul, Minn.,	Sp'l Ag't & Adj'r,	
Tucker, L. M.,	91 Main, Columbus, Miss.,	General Agent,	
Tuttle, Thos. B., Underwood, Thos., Vail, H. S., Vail, D. F., Van Anden, C. A., Van Allen, G. A.,	Carthage, Mo., 155 LaSalle, Chicago, 115 Dearborn, Chicago, St. Paul, Minn., Lock Box 484, Chicago, 57 State, Albany, N. Y.	State Agent, Adjuster. Actuary. Adjuster. Sup'v'g Ag't & Adj, President,	Insurance Dep't Illinois. Hartford Ins. Co. Niagara, N. Y. Commerce Ins. Co. Hamburg-Bremen, Germ'ny. Union Ins. Co., Phila. Ins. Co. North America. Pennsylvania Fire. North British & Mercantile. Orient, Hartford. Niagara, N. Y. Home Ins. Co., N. Y. Washington F. & M., Boston. Ins. Co. North America. Pennsylvania Fire.
Vance, J. P.,	53 W. Third, Cincinnati, O.,	General Agent,	Hamburg-Bremen Ins. Co., Guardian Ass'n Co. Continental, N. Y. Fire Association, Phila. Star Fire, N. Y. Union, Phila.
Wagner, D. S.,	Chicago,	State Agent,	Imperial, London. Glens Falls, N. Y. Sun Fire, Eng. Connecticut, Hartford. Connecticut, Hartford. Insurance Adjusting Co. Commercial Union, Eng. Franklin Fire, Phila. Star Fire, N. Y. Union, Phila.
Waggoner, S. E., Waldron, A., Walker, Ben. F., Walker, H. H., Wallace, J. M.,	Macon, Mo., 220 LaSalle, Chicago, Indianapolis, Ind., 75½ Market, Indianapolis, Dayton, O.,	Special Agent, Sp'l Ag't & Adj'r, State Ag't & Adj'r, State Agent, State Agent,	
Warner, J. H.,	Milwaukee, Wis.,	State Ag't & Adj,	
Washington, H. B., Wasson, A. M. L., Weinland, J. A., Wells, David W.,	174 LaSalle, Chicago, Cincinnati, O., Westerville, O., 175 LaSalle, Chicago,	Special Agent, State Agent, Special Agent. State Agent,	
Wheeler, F. C.,	210 LaSalle, Chicago,	Special Agent,	
Whitehead, J. M., Whitlock, J. L., Whitaker, E. S., Whittemore, C. L., Williams, A., Williams, S. G., Williams, Geo. G., Wilson, Geo. A. S.,	155 LaSalle, Chicago, 208 LaSalle, Chicago, Watertown, N. Y. St. Paul, Minn., 155 LaSalle, Chicago, 64 W. Third, Cincinnati, O., Milwaukee, Wis., 153 LaSalle, Chicago,	Sp'l Ag't & Adj'r, Manager, Ass't Manager, Special Agent, Manager, Sec'y and Sup't, Special Agent, Special Agent,	
Wilson, J. O.,	210 LaSalle, Chicago,	Manager,	
Witkowsky, Con., Wood, H. N., Woodworth, A. J., Worthington, C. E., Wright, Wm. M., Wright, J. Gano, Zollars, T. J.,	174 LaSalle, Chicago, Des Moines, Ia., 175 Broadway, New York, Chicago, Monroe, Wis., 62 W. Third, Cincinnati, O., Ottumwa, Ia.,	General Agent, Special Agent, General Agent, Inspector, Special Agent, State Agent, State Ag't & Adj'r,	Hamburg-Bremen. N. B. & Mercantile. Germania Fire, N. Y. Western Mfg. Mutual. American, Phila. N. Y. Alliance. Connecticut, Hartford.

## In Memoriam.

NAME.	ADDRESS.	TITLE.	COMPANY.
Ashworth, Wm.	Chicago, Ill.	General Agent,	British America Assur. Co.
Atwood, John,	Alton, Ill.	President,	Illinois Mutual, Illinois.
Barry, A. S.	Godfrey, Ill.	General Adjuster.	
Bissell, F. R.	Dubuque, Ia.	State Agent,	Hartford Ins. Co.
Coombe, Chas. F. C.	St. Louis, Mo.	Special Agent,	British America Assur. Co.
Cook, Geo. H.	Indianapolis, Ind.	Secretary,	Franklin Ins. Co.
Euler, Philip, Jr.	Evansville, Ind.	Special Agent,	Springfield F. & M.
Forbes, Wells W.	Richmond, Ind.	State Agent,	Royal Ins. Co.
Harris, J. S.	Chicago, Ill.	General Agent,	Metropole Ins. Co., Paris.
Hewitt, Edgar A.	New York, N. Y.	Editor,	Insurance Chronicle.
Hough, Judson J.	Maroa, Ill.	Special Agent,	Northwest'n Nat'l Ins. Co.
Johnston, T. W.	Chicago, Ill.	Special Agent,	Sun Fire Office.
Keller, P. C.	Quincy, Ill.	Special Agent,	Phoenix Ins. Co., Hartford.
Lumbard, S.	Fort Wayne, Ind.	General Adjuster,	Phenix Ins. Co., N. Y.
Morris, Lewis R.	Detroit, Mich.	Manager,	Niagara Ins. Co., N. Y.
Morse, Dr. Daniel,	Detroit, Mich.	State Agent,	Home Ins. Co., N. Y.
Niemann, A. D.	Chicago, Ill.	Special Agent,	Orient Ins. Co.
Sewell, John,	Montreal, Canada,	General Adjuster,	Royal Canadian Ins. Co.
Travis, A. C.	210 N. Third. St. Louis, Mo.	Manager W. Dep't,	Fireman's, Dayton.
Waters, A. J.	1719 Euclid Av., Cleveland, O.	State Agent,	Continental, N. Y.
Wessenberg, Chas.	Mobile, Ala.	General Agent,	Mobile Underwriters.
Young, Mart. V. B.	Rochester, N. Y.	General Agent,	Commerce Ins. Co.

# APPENDIX.

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## CONSTITUTION AND BY-LAWS

OF

## The Fire Underwriters' Association of the Northwest,

AS AMENDED.

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### CONSTITUTION.

ARTICLE 1. This organization shall be known as "THE FIRE UNDERWRITERS' ASSOCIATION OF THE NORTHWEST."

ART. 2. Its object shall be to promote harmony and correct practice among those engaged in the business of Fire Insurance, by an interchange of views, opinions, personal experiences, and the discussion of topics of a practical nature. Also, the accumulation of a library and articles of interest and usefulness to its members.

ART. 3. Any reputable person who is engaged in the business of Fire Insurance as an Officer, Manager, Supervisor, Inspector, Adjuster, State or Special Agent (having at least a State or equivalent jurisdiction), Compact Manager, Secretary or Local Board Commissioner, shall be eligible to membership.

ART. 4. The officers shall consist of a President, Vice-President, Treasurer and Secretary, and an Executive Committee, which shall consist of one member from each State within the jurisdiction of this Association (and at least three members at large), all of whom shall be elected by ballot at a regular meeting, and shall hold their offices until their successors

are duly elected. The President, Vice-President and Secretary shall be *ex-officio* members of the Executive Committee.

Vacancies may be filled at any regular meeting.

A majority of the Executive Committee (elect) shall constitute a quorum for the transaction of business.

ART. 5. Each member shall, on his election, pay to the Treasurer the sum of one dollar as membership fee, and also from time to time pay such assessments as may be levied by order of the Executive Committee to defray the current expenses of the Association.

ART. 6. The regular annual meetings shall be held during the month of September in each year, on such day and at such place as the Executive Committee shall determine, due notice of which shall be given by the Secretary.

Special meetings may be called by the President, upon request in writing of a majority of the members of the Executive Committee. The object of such special meetings shall be stated in the call.

ART. 7. This Constitution may be altered or amended at any regular meeting by vote of a majority of members present and voting. But the proposition therefor shall be made in writing, and lay over at least one session before final action.

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## BY-LAWS.

SECTION 1. Applications for membership in this Association shall be accompanied by the name of a member as a reference, and shall first be considered and favorably reported upon by the Executive Committee. A majority vote of all members present at a regular meeting of the Association shall be necessary to elect a member.

Persons who may have rendered this Association valuable service, or who may have reached eminence in the profession of underwriting, may be elected honorary members, and as such shall be entitled to all the privileges and benefits of active members. They shall not be required to pay any dues or assessments, and the President and Secretary shall furnish such honorary members a certificate of their election.

Any member of this Association, in good standing, retiring from the insurance business, either temporarily or permanently, may, upon application to the Secretary, be placed upon a list to be known as Associate Members. Such associate members shall be liable for one-half the regular dues or assessments; they shall be entitled to all the privileges of active members, except that of voting and holding office.

No person shall become an associate member except as above provided.

On any associate member re-entering the insurance business, so as to be eligible to full membership, the Secretary shall mark his name off the

list of associate members, and upon application transfer him to the list of active members. Persons so transferred shall not be liable for any membership fee, but shall pay the regular dues or assessments.

SEC. 2. The President shall preside at all meetings of the Association or Executive Committee. In his absence the Vice-President shall discharge his duties. In the absence of both, some member shall be chosen chairman *pro tem*. In the absence of the Secretary the vacancy shall be temporarily filled.

SEC. 3. The Treasurer shall receive and safely keep all the moneys of the Association, disburse the same only on the order of the Association or the Executive Committee, countersigned by the President and Secretary. He shall render a detailed statement of all receipts and expenditures at each regular meeting, and the same shall be accompanied by proper vouchers.

SEC. 4. The Secretary shall keep a true and accurate record of all meetings of the Association or the Executive Committee, collect all moneys due the Association and pay the same to the Treasurer, and under direction of the President conduct all correspondence and perform such other duties as may be assigned to him.

And it shall be his duty, as part of his report each year, to read in full the names of all members who have not paid their dues for the preceding meeting, and which persons shall be ineligible to membership until all past dues are paid.

SEC. 5. The offices of Secretary and Treasurer may be held by the same person.

SEC. 6. The Executive Committee shall have charge of all the financial matters of the Association, audit all accounts and bills against the same, and during the interim of meetings of the Association have charge of its affairs. All property of every kind belonging to or under the control of the Association shall also be under the control of the Executive Committee, and it shall make such rules and regulations governing the care and custody of the property of the Association as may be deemed necessary.

SEC. 7. The usual parliamentary rules shall govern all the proceedings of the Association and of the Executive Committee.

SEC. 8. All resolutions shall be in writing and read from the Secretary's desk, and except by unanimous consent, shall be referred to an appropriate committee without discussion or debate.

SEC. 9. Such proceedings of the meetings as the Executive Committee shall determine shall be published for the use of members, and all essays, papers, plans, forms or other matters as shall be submitted in writing as part of the proceedings of the Association, shall be considered as the property of the said Association, to the extent, at least, that the same may be printed for the information of its members, if deemed necessary or expedient.

SEC. 10. The President shall hold his office but one term.

SEC. 11. The officers and Executive Committee elect shall enter upon their respective duties immediately after the adjournment of the meeting at which they were elected.

SEC. 12. The following shall be the order of business at the regular meetings of the Association:

1. Calling the roll.
2. Reading the minutes of previous meetings.
3. Report of Executive Committee.
4. Election of new members.
5. Unfinished business.
6. Reports of Committees.
7. General business.
8. Election of officers for ensuing year.
9. Adjournment.

SEC. 13. These By-laws may be altered or amended at any regular meeting of the Association by a majority vote of all the members present.

SEC. 14. Local Agents and others may be admitted to the courtesies of the floor by vote of the Association.

The Secretary shall issue no complimentary or visitors' tickets to any one eligible to membership within the territory of the Association. He shall insert in each ticket the name of the party admitted and the member requesting the ticket, and a list of all tickets thus issued shall be kept by him.

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## ADDENDA.

RULE that papers shall not be more than twenty minutes long and that no member shall speak more than five minutes at a time, nor more than twice on the same subject.—*Page 206 of Proceedings of 1882.*

RULE that the retiring President is made a member of the Executive Committee at large.—*Id. page 210.*





